February 22, 2008

ENGROSSED
SENATE BILL No. 19

DIGEST OF SB 19 (Updated February 20, 2008 10:01 pm - DI 92)

Citations Affected: IC 6-1.1; IC 6-2.3; IC 6-2.5; IC 6-3; IC 6-3.1; IC 6-3.5; IC 6-7; IC 6-8.1; IC 8-9.5; IC 8-23; IC 9-17; IC 36-7; IC 36-8; IC 36-9; noncode.

Synopsis: Various tax matters. Permits minimum valuation adjustments for personal property tax abatements only for tax abatements for which a statement of benefits was initially approved after December 31, 2005. Extends the media production sales tax exemption until January 1, 2012. Establishes a new markets development credit against state tax liability for investments that qualify for a federal new markets tax credit. Provides that a person taking flying lessons pays sales tax on the rental of the plane but not for the flight instructor's costs. Requires sales tax returns to be filed on a monthly basis even if the taxpayer files using electronic funds transfer (EFT). Increases the sales tax filing threshold so that if the annual liability is less than $1,000, the taxpayer files only an annual return (instead of a monthly, quarterly, or semiannual return). Provides that if a taxpayer makes a nonqualified withdrawal from a college choice education plan and is a nonresident who has no current tax liability, the department of state revenue (department) shall bill the taxpayer for the

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Effective: January 1, 2001 (retroactive); January 1, 2007 (retroactive); January 1, 2008 (retroactive); upon passage; July 1, 2008; January 1, 2009.

Kenley, Meeks, Mrvan, Riegsecker
(HOUSE SPONSORS — AUSTIN, THOMPSON)

November 20, 2007, read first time and referred to Committee on Tax and Fiscal Policy.
January 16, 2008, amended, reported favorably — Do Pass.
January 28, 2008, read second time, amended, ordered engrossed.
January 29, 2008, engrossed. Read third time, passed. Yeas 48, nays 0.

HOUSE ACTION
February 5, 2008, read first time and referred to Committee on Ways and Means.
February 21, 2008, amended, reported — Do Pass.

amount of any tax credit to be recaptured. Amends the definition of "qualified withdrawal" for purposes of the tax credit for contributions to Indiana's college choice 529 education savings plan. Clarifies legislative intent that for purposes of the utility receipts tax, a sale of utility services is considered a wholesale sale if the utility services are natural gas and the buyer consumes the natural gas in the direct production of electricity to be sold by the buyer. Requires wage withholding payments and estimated tax payments for nonresident aliens to be computed based on the application of not more than one personal exclusion. Requires employers to report to the department of state revenue the amount of withholdings attributable to local income taxes each time the employer remits to the department the tax that is withheld. Requires an individual filing an estimated tax return to designate the portion of the estimated tax payment that represents state income tax liability and the portion of the estimated tax payment that represents local income tax liability. Provides that if an individual requests the payor of a distribution to withhold taxes from the distribution, the individual must designate the portion of the withheld amount that represents state income tax liability and the portion of the withheld amount that represents local income tax liability. Requires the department of state revenue and the office of management and budget to develop certain reports related to local option income taxes. Reduces the state earned income tax credit for partial year nonresidents who have taxable income in other states. Requires a cigarette distributor to be current in all listed taxes before a distributor's license may be issued or renewed. Requires cigarette tax payments via EFT if the distributor purchases the stamps on credit. Permits the department to disclose information concerning taxpayers to state and local law enforcement officials in Indiana when used for official purposes and requested by the proper authorities. Imposes a penalty on certain individuals for failure to file an income tax return. Provides that the penalties for bad checks issued to pay listed taxes also apply to payments made by credit card and electronic payments. Repeals the current statutory requirement that professional tax preparers file persons returns in electronic format when the prepare is filing more than 100 returns in a calendar year. Requires the office of management and budget to submit an informative summary of certain calculations related to the certified distribution of local income taxes to the county council and requires certain information to be included in the informative summary. Provides that a public transportation corporation located in a county having a consolidated city may receive each year, at the election of the public transportation corporation, 3% of the county's certified distribution of county option income tax revenue for the year. Allows counties to distribute revenue from certain local option income taxes to school allocation area accounts to be used for any of the following purposes: (1) Replacing the county's revenues reduced as a result of circuit breaker credits. (2) If a county replaces all revenues described in (1), then a county may allocate additional revenue to be applied at a uniform rate to reduce property taxes levied by the county. (3) To fund property tax relief, including replacement of revenues reduced as a result of the application of the credits for excessive property taxes, in any: (A) school corporation; or (B) civil taxing unit, other than the county, within the school allocation area; as determined by the county council. Establishes the regional transportation authority formation fund. Provides that a county, city, or town located within a regional transit authority may establish a transit development district to improve transportation infrastructure within the transit development district. Provides that a transit development district captures a part of the sales taxes collected in the transit development district. Requires the fiscal body of the unit establishing a transit development district to appropriate the captured revenues to the regional transit authority. Requires a regional transit authority to distribute 25% of any funds

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received from a transit development district to the regional transportation authority formation fund. Provides the fund shall be administered by the Indiana department of transportation. Requires the money in the fund to be used to make matching grants of up to 20% of the costs incurred by a county or municipality in establishing a regional transportation authority. Provides that under certain circumstances, all information concerning the purchase of a vehicle must be completed on the certificate of title, and that the knowing or intentional failure to do so is a Class A misdemeanor for the first violation and a Class D felony for the second and any subsequent violation. Authorizes Warrick County to establish an economic development project district. Provides that the Indiana economic development corporation performs the duties of the state board of finance when establishing an economic development project district for the county. Increases the term of bonds and leases for an economic development district from 20 to 25 years. Grants a member of the 1977 police officers' and firefighters' pension and disability fund (1977 fund) under certain circumstances up to six years of service credit for active duty military service. Authorizes a member of the 1977 fund to purchase under certain conditions up to two additional years of service credit for active duty military service. Repeals the automated transit district statute. Allows certain nonprofit limited liability companies to claim property tax exemptions for prior years. Authorizes a property tax levy appeal to the department of local government finance by certain fire protection districts that have experienced growth. For property taxes first due and payable in 2007, allows a civil taxing unit or school corporation to file a late excessive levy appeal based on a revenue shortfall that resulted from erroneous assessed valuation figures. If an appeal is allowed, provides that the following do not apply in the county: (1) the deadline for the department of local government finance to certify budgets, tax rates, and tax levies; (2) the deadline for mailing tax statements; and (3) the standard tax due dates. Requires the department of natural resources to equalize the salaries of district foresters and natural science managers. Authorizes Indiana University, Purdue University at Fort Wayne (IPFW) to issue bonds for a student services and library complex provided that the bond principal, debt service reserves, credit enhancement, or other costs incidental to issuing the bonds does not exceed $16,000,000. Provides that the bonding authority authorized by this amendment is in addition to any bonding authority for the IPFW student services and library complex granted by the 2007-2009 budget bill. Changes the due date for the report of the commission on disproportionality in youth services to the governor and the legislative council from August 15, 2008, to October 15, 2008.

February 22, 2008

Second Regular Session 115th General Assembly (2008)

PRINTING CODE. Amendments: Whenever an existing statute (or a section of the Indiana Constitution) is being amended, the text of the existing provision will appear in this style type, additions will appear in **this style type**, and deletions will appear in ~~this style type.~~

Additions: Whenever a new statutory provision is being enacted (or a new constitutional provision adopted), the text of the new provision will appear in **this style type**. Also, the word **NEW** will appear in that style type in the introductory clause of each SECTION that adds a new provision to the Indiana Code or the Indiana Constitution.

Conflict reconciliation: Text in a statute in *this style type* or ~~*this style type*~~ reconciles conflicts between statutes enacted by the 2007 Regular Session of the General Assembly.

ENGROSSED SENATE BILL No. 19

A BILL FOR AN ACT to amend the Indiana Code concerning taxation.

Be it enacted by the General Assembly of the State of Indiana:

SECTION 1. IC 6-1.1-12.1-4.5, AS AMENDED BY P.L.137-2007, SECTION 3, AND AS AMENDED BY P.L.219-2007, SECTION 31, IS CORRECTED AND AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2008 (RETROACTIVE)]: Sec. 4.5. (a) For purposes of this section, "personal property" means personal property other than inventory (as defined in IC 6-1.1-3-11(a)).

(b) An applicant must provide a statement of benefits to the designating body. The applicant must provide the completed statement of benefits form to the designating body before the hearing specified in section 2.5(c) of this chapter or before the installation of the new manufacturing equipment, new research and development equipment, new logistical distribution equipment, or new information technology equipment for which the person desires to claim a deduction under this chapter. The department of local government finance shall prescribe a form for the statement of benefits. The statement of benefits must include the following information:

(1) A description of the new manufacturing equipment, new

research and development equipment, new logistical distribution equipment, or new information technology equipment that the person proposes to acquire.

(2) With respect to:

(A) new manufacturing equipment not used to dispose of solid waste or hazardous waste by converting the solid waste or hazardous waste into energy or other useful products; and

(B) new research and development equipment, new logistical distribution equipment, or new information technology equipment;

an estimate of the number of individuals who will be employed or whose employment will be retained by the person as a result of the installation of the new manufacturing equipment, new research and development equipment, new logistical distribution equipment, or new information technology equipment and an estimate of the annual salaries of these individuals.

(3) An estimate of the cost of the new manufacturing equipment, new research and development equipment, new logistical distribution equipment, or new information technology equipment.

(4) With respect to new manufacturing equipment used to dispose of solid waste or hazardous waste by converting the solid waste or hazardous waste into energy or other useful products, an estimate of the amount of solid waste or hazardous waste that will be converted into energy or other useful products by the new manufacturing equipment.

The statement of benefits may be incorporated in a designation application. Notwithstanding any other law, a statement of benefits is a public record that may be inspected and copied under IC 5-14-3-3.

(c) The designating body must review the statement of benefits required under subsection (b). The designating body shall determine whether an area should be designated an economic revitalization area or whether the deduction shall be allowed, based on (and after it has made) the following findings:

(1) Whether the estimate of the cost of the new manufacturing equipment, new research and development equipment, new logistical distribution equipment, or new information technology equipment is reasonable for equipment of that type.

(2) With respect to:

(A) new manufacturing equipment not used to dispose of solid waste or hazardous waste by converting the solid waste or hazardous waste into energy or other useful products; and

(B) new research and development equipment, new logistical distribution equipment, or new information technology equipment;

whether the estimate of the number of individuals who will be employed or whose employment will be retained can be reasonably expected to result from the installation of the new manufacturing equipment, new research and development equipment, new logistical distribution equipment, or new information technology equipment.

(3) Whether the estimate of the annual salaries of those individuals who will be employed or whose employment will be retained can be reasonably expected to result from the proposed installation of new manufacturing equipment, new research and development equipment, new logistical distribution equipment, or new information technology equipment.

(4) With respect to new manufacturing equipment used to dispose of solid waste or hazardous waste by converting the solid waste or hazardous waste into energy or other useful products, whether the estimate of the amount of solid waste or hazardous waste that will be converted into energy or other useful products can be reasonably expected to result from the installation of the new manufacturing equipment.

(5) Whether any other benefits about which information was requested are benefits that can be reasonably expected to result from the proposed installation of new manufacturing equipment, new research and development equipment, new logistical distribution equipment, or new information technology equipment.

(6) Whether the totality of benefits is sufficient to justify the deduction.

The designating body may not designate an area an economic revitalization area or approve the deduction unless it makes the findings required by this subsection in the affirmative.

(d) Except as provided in subsection (h), and subject to subsection (i) *and section 15 of this chapter,* an owner of new manufacturing equipment, new research and development equipment, new logistical distribution equipment, or new information technology equipment whose statement of benefits is approved after June 30, 2000, is entitled to a deduction from the assessed value of that equipment for the number of years determined by the designating body under subsection (g). Except as provided in subsection (f) and in section 2(i)(3) of this chapter, and subject to subsection (i) *and section 15 of this chapter,* the

amount of the deduction that an owner is entitled to for a particular year equals the product of:

(1) the assessed value of the new manufacturing equipment, new research and development equipment, new logistical distribution equipment, or new information technology equipment in the year of deduction under the appropriate table set forth in subsection (e); multiplied by

(2) the percentage prescribed in the appropriate table set forth in subsection (e).

(e) The percentage to be used in calculating the deduction under subsection (d) is as follows:

(1) For deductions allowed over a one (1) year period:

YEAR OF DEDUCTION	PERCENTAGE
1st	100%
2nd and thereafter	0%

(2) For deductions allowed over a two (2) year period:

YEAR OF DEDUCTION	PERCENTAGE
1st	100%
2nd	50%
3rd and thereafter	0%

(3) For deductions allowed over a three (3) year period:

YEAR OF DEDUCTION	PERCENTAGE
1st	100%
2nd	66%
3rd	33%
4th and thereafter	0%

(4) For deductions allowed over a four (4) year period:

YEAR OF DEDUCTION	PERCENTAGE
1st	100%
2nd	75%
3rd	50%
4th	25%
5th and thereafter	0%

(5) For deductions allowed over a five (5) year period:

YEAR OF DEDUCTION	PERCENTAGE
1st	100%
2nd	80%
3rd	60%
4th	40%
5th	20%
6th and thereafter	0%

(6) For deductions allowed over a six (6) year period:

YEAR OF DEDUCTION	PERCENTAGE
1st	100%
2nd	85%
3rd	66%
4th	50%
5th	34%
6th	25%
7th and thereafter	0%

(7) For deductions allowed over a seven (7) year period:

YEAR OF DEDUCTION	PERCENTAGE
1st	100%
2nd	85%
3rd	71%
4th	57%
5th	43%
6th	29%
7th	14%
8th and thereafter	0%

(8) For deductions allowed over an eight (8) year period:

YEAR OF DEDUCTION	PERCENTAGE
1st	100%
2nd	88%
3rd	75%
4th	63%
5th	50%
6th	38%
7th	25%
8th	13%
9th and thereafter	0%

(9) For deductions allowed over a nine (9) year period:

YEAR OF DEDUCTION	PERCENTAGE
1st	100%
2nd	88%
3rd	77%
4th	66%
5th	55%
6th	44%
7th	33%
8th	22%
9th	11%
10th and thereafter	0%

(10) For deductions allowed over a ten (10) year period:

YEAR OF DEDUCTION	PERCENTAGE
1st	100%
2nd	90%
3rd	80%
4th	70%
5th	60%
6th	50%
7th	40%
8th	30%
9th	20%
10th	10%
11th and thereafter	0%

(f) With respect to new manufacturing equipment and new research and development equipment installed before March 2, 2001, the deduction under this section is the amount that causes the net assessed value of the property after the application of the deduction under this section to equal the net assessed value after the application of the deduction under this section that results from computing:

(1) the deduction under this section as in effect on March 1, 2001; and

(2) the assessed value of the property under 50 IAC 4.2, as in effect on March 1, 2001, or, in the case of property subject to IC 6-1.1-8, 50 IAC 5.1, as in effect on March 1, 2001.

(g) For an economic revitalization area designated before July 1, 2000, the designating body shall determine whether a property owner whose statement of benefits is approved after April 30, 1991, is entitled to a deduction for five (5) or ten (10) years. For an economic revitalization area designated after June 30, 2000, the designating body shall determine the number of years the deduction is allowed. However, the deduction may not be allowed for more than ten (10) years. This determination shall be made:

(1) as part of the resolution adopted under section 2.5 of this chapter; or

(2) by resolution adopted within sixty (60) days after receiving a copy of a property owner's certified deduction application from the county auditor. A certified copy of the resolution shall be sent to the county auditor.

A determination about the number of years the deduction is allowed that is made under subdivision (1) is final and may not be changed by following the procedure under subdivision (2).

(h) The owner of new manufacturing equipment that is directly used to dispose of hazardous waste is not entitled to the deduction provided

by this section for a particular assessment year if during that assessment year the owner:

(1) is convicted of a *criminal* violation under *IC 13, including* IC 13-7-13-3 (repealed) *or* IC 13-7-13-4 (repealed); ~~*or IC 13-30-6,*~~ or

(2) is subject to an order or a consent decree with respect to property located in Indiana based on a violation of a federal or state rule, regulation, or statute governing the treatment, storage, or disposal of hazardous wastes that had a major or moderate potential for harm.

(i) **This subsection applies only to new manufacturing equipment, new research and development equipment, new logistical distribution equipment, or new information technology equipment whose statement of benefits was initially approved by a designating body after December 31, 2005.** For purposes of subsection (d), the assessed value of new manufacturing equipment, new research and development equipment, new logistical distribution equipment, or new information technology equipment that is part of an owner's assessable depreciable personal property in a single taxing district subject to the valuation limitation in 50 IAC 4.2-4-9 or 50 IAC 5.1-6-9 is the product of:

(1) the assessed value of the equipment determined without regard to the valuation limitation in 50 IAC 4.2-4-9 or 50 IAC 5.1-6-9; multiplied by

(2) the quotient of:

(A) the amount of the valuation limitation determined under 50 IAC 4.2-4-9 or 50 IAC 5.1-6-9 for all of the owner's depreciable personal property in the taxing district; divided by

(B) the total true tax value of all of the owner's depreciable personal property in the taxing district that is subject to the valuation limitation in 50 IAC 4.2-4-9 or 50 IAC 5.1-6-9 determined:

(i) under the depreciation schedules in the rules of the department of local government finance before any adjustment for abnormal obsolescence; and

(ii) without regard to the valuation limitation in 50 IAC 4.2-4-9 or 50 IAC 5.1-6-9.

SECTION 2. IC 6-1.1-40-10, AS AMENDED BY P.L.219-2007, SECTION 84, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2008 (RETROACTIVE)]: Sec. 10. (a) Subject to subsection (e), an owner of new manufacturing equipment or inventory, or both, whose statement of benefits is approved is entitled to a

deduction from the assessed value of that equipment and inventory for a period of ten (10) years. Except as provided in subsections (c) and (d), and subject to subsection (e) and section 14 of this chapter, for the first five (5) years, the amount of the deduction for new manufacturing equipment that an owner is entitled to for a particular year equals the assessed value of the new manufacturing equipment. Subject to subsection (e) and section 14 of this chapter, for the sixth through the tenth year, the amount of the deduction equals the product of:

(1) the assessed value of the new manufacturing equipment; multiplied by

(2) the percentage prescribed in the following table:

YEAR OF DEDUCTION	PERCENTAGE
6th	100%
7th	95%
8th	80%
9th	65%
10th	50%
11th and thereafter	0%

(b) Subject to section 14 of this chapter, for the first year the amount of the deduction for inventory equals the assessed value of the inventory. Subject to section 14 of this chapter, for the next nine (9) years, the amount of the deduction equals:

(1) the assessed value of the inventory for that year; multiplied by

(2) the owner's export sales ratio for the previous year, as certified by the department of state revenue under IC 6-3-2-13.

(c) A deduction under this section is not allowed in the first year the deduction is claimed for new manufacturing equipment to the extent that it would cause the assessed value of all of the personal property of the owner in the taxing district in which the equipment is located to be less than the assessed value of all of the personal property of the owner in that taxing district in the immediately preceding year.

(d) If a deduction is not fully allowed under subsection (c) in the first year the deduction is claimed, then the percentages specified in subsection (a) apply in the subsequent years to the amount of deduction that was allowed in the first year.

(e) **This subsection applies only to new manufacturing equipment, new research and development equipment, new logistical distribution equipment, or new information technology equipment whose statement of benefits was initially approved by a designating body after December 31, 2005.** For purposes of subsection (a), the assessed value of new manufacturing equipment that is part of an owner's assessable depreciable personal property in a

single taxing district subject to the valuation limitation in 50 IAC 4.2-4-9 or 50 IAC 5.1-6-9 is the product of:

(1) the assessed value of the equipment determined without regard to the valuation limitation in 50 IAC 4.2-4-9 or 50 IAC 5.1-6-9; multiplied by

(2) the quotient of:

(A) the amount of the valuation limitation determined under 50 IAC 4.2-4-9 or 50 IAC 5.1-6-9 for all of the owner's depreciable personal property in the taxing district; divided by

(B) the total true tax value of all of the owner's depreciable personal property in the taxing district that is subject to the valuation limitation in 50 IAC 4.2-4-9 or 50 IAC 5.1-6-9 determined:

(i) under the depreciation schedules in the rules of the department of local government finance before any adjustment for abnormal obsolescence; and

(ii) without regard to the valuation limitation in 50 IAC 4.2-4-9 or 50 IAC 5.1-6-9.

SECTION 3. IC 6-2.3-3-5 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 5. (a) Gross receipts do not include a wholesale sale to another generator or reseller of utility services.

(b) A sale is a retail sale if the taxpayer sells utility services to a buyer that subsequently makes a sale described in IC 6-2.3-4-5.

(c) A sale of utility services is a wholesale sale if the utility services are natural gas and the buyer consumes the natural gas in the direct production of electricity to be sold by the buyer.

SECTION 4. IC 6-2.5-4-16 IS ADDED TO THE INDIANA CODE AS A **NEW** SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2008]: **Sec. 16. (a) This section applies to transactions occurring after June 30, 2008.**

(b) A person is a retail merchant making a retail transaction when the person:

(1) leases or rents an aircraft to another person; and

(2) provides flight instruction services to the lessee or renter during the term of the lease or rental.

(c) The amount of the gross retail income attributable to a retail transaction described in subsection (b) is the amount charged by the retail merchant for the lease or rental of the aircraft used in conjunction with the flight instruction services provided to the lessee or renter.

SECTION 5. IC 6-2.5-5-41, AS AMENDED BY P.L.235-2007,

SECTION 1, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2008]: Sec. 41. (a) As used in this section, "qualified media production" has the meaning set forth in IC 6-3.1-32-5.

(b) Except as provided in ~~subsections~~ **subsection** (d), ~~and (c),~~ a transaction involving tangible personal property is exempt from the state gross retail tax if the person acquiring the property acquires it for the person's direct use in a qualified media production in Indiana after December 31, 2006.

(c) For purposes of this section, the following are not considered to be directly used in the production of a qualified media production:

(1) Food and beverage services.

(2) A vehicle or other means of transportation used to transport actors, performers, crew members, or any other individual involved in a qualified media production.

(3) Fuel, parts, supplies, or other consumables used in a vehicle or other means of transportation used to transport actors, performers, crew members, or any other individual involved in a qualified media production.

(4) Lodging.

(5) Packaging materials.

(d) A person is not entitled to an exemption under this section with respect to a transaction involving tangible personal property that is:

(1) a qualified production expenditure (as defined in IC 6-3.1-32-6) for which a tax credit is claimed under IC 6-3.1-32; or

(2) acquired for direct use in a qualified media production in Indiana if the transaction occurs after December 31, ~~2008.~~ **2011.**

SECTION 6. IC 6-2.5-6-1, AS AMENDED BY P.L.211-2007, SECTION 17, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2009]: Sec. 1. (a) Except as otherwise provided in this section, each person liable for collecting the state gross retail or use tax shall file a return for each calendar month and pay the state gross retail and use taxes that the person collects during that month. A person shall file the person's return for a particular month with the department and make the person's tax payment for that month to the department not more than thirty (30) days after the end of that month, if that person's average monthly liability for collections of state gross retail and use taxes under this section as determined by the department for the preceding calendar year did not exceed one thousand dollars ($1,000). If a person's average monthly liability for collections of state gross retail and use taxes under this section as determined by the department for the preceding calendar year exceeded one thousand dollars

($1,000), that person shall file the person's return for a particular month and make the person's tax payment for that month to the department not more than twenty (20) days after the end of that month.

(b) If a person files a combined sales and withholding tax report and either this section or IC 6-3-4-8.1 requires sales or withholding tax reports to be filed and remittances to be made within twenty (20) days after the end of each month, then the person shall file the combined report and remit the sales and withholding taxes due within twenty (20) days after the end of each month.

(c) Instead of the twelve (12) monthly reporting periods required by subsection (a), the department may permit a person to divide a year into a different number of reporting periods. The return and payment for each reporting period is due not more than twenty (20) days after the end of the period.

(d) Instead of the reporting periods required under subsection (a), the department may permit a retail merchant to report and pay the merchant's state gross retail and use taxes for a period covering

~~(1)~~ a calendar year, if the retail merchant's ~~average monthly~~ state gross retail and use tax liability in the previous calendar year does not exceed ~~ten dollars ($10);~~

~~(2) a calendar half year, if the retail merchant's average monthly state gross retail and use tax liability in the previous calendar year does not exceed twenty-five dollars ($25);~~ ~~or~~

~~(3) a calendar quarter, if the retail merchant's average monthly state gross retail and use tax liability in the previous calendar year does not exceed seventy-five dollars ($75).~~

one thousand dollars ($1,000). A retail merchant using a reporting period allowed under this subsection must file the merchant's return and pay the merchant's tax for a reporting period not later than the last day of the month immediately following the close of that reporting period.

(e) If a retail merchant reports the merchant's adjusted gross income tax, or the tax the merchant pays in place of the adjusted gross income tax, over a fiscal year ~~or fiscal quarter~~ not corresponding to the calendar year, ~~or calendar quarter,~~ the merchant may, without prior departmental approval, report and pay the merchant's state gross retail and use taxes over the merchant's fiscal ~~period~~ **year** that corresponds to the calendar ~~period~~ **year** the merchant is permitted to use under subsection (d). However, the department may, at any time, require the retail merchant to stop using the fiscal reporting period.

(f) If a retail merchant files a combined sales and withholding tax report, the reporting period for the combined report is the shortest

period required under:

(1) this section;

(2) IC 6-3-4-8; or

(3) IC 6-3-4-8.1.

(g) If the department determines that a person's:

(1) estimated monthly gross retail and use tax liability for the current year; or

(2) average monthly gross retail and use tax liability for the preceding year;

exceeds five thousand dollars ($5,000), the person shall pay the monthly gross retail and use taxes due by electronic funds transfer (as defined in IC 4-8.1-2-7) or by delivering in person or by overnight courier a payment by cashier's check, certified check, or money order to the department. The transfer or payment shall be made on or before the date the tax is due.

~~(h) If a person's gross retail and use tax payment is made by electronic funds transfer, the taxpayer is not required to file a monthly gross retail and use tax return. However, the person shall file a quarterly gross retail and use tax return before the twentieth day after the end of each calendar quarter.~~

~~(i)~~ **(h)** A person:

(1) who has voluntarily registered as a seller under the Streamlined Sales and Use Tax Agreement;

(2) who is not a Model 1, Model 2, or Model 3 seller (as defined in the Streamlined Sales and Use Tax Agreement); and

(3) whose liability for collections of state gross retail and use taxes under this section for the preceding calendar year as determined by the department does not exceed one thousand dollars ($1,000);

is not required to file a monthly gross retail and use tax return.

SECTION 7. IC 6-3-3-12, AS AMENDED BY P.L.211-2007, SECTION 22, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2008 (RETROACTIVE)]: Sec. 12. (a) As used in this section, "account" has the meaning set forth in IC 21-9-2-2.

(b) As used in this section, "account beneficiary" has the meaning set forth in IC 21-9-2-3.

(c) As used in this section, "account owner" has the meaning set forth in IC 21-9-2-4.

(d) As used in this section, "college choice 529 education savings plan" refers to a college choice 529 investment plan established under IC 21-9.

(e) As used in this section, "nonqualified withdrawal" means a

withdrawal or distribution from a college choice 529 education savings plan that is not a qualified withdrawal.

(f) As used in this section, "qualified higher education expenses" has the meaning set forth in IC 21-9-2-19.5.

(g) As used in this section, "qualified withdrawal" means a withdrawal or distribution from a college choice 529 education savings plan that is made:

(1) to pay for qualified higher education expenses, excluding any withdrawals or distributions used to pay for qualified higher education expenses if the withdrawals or distributions are made from an account of a college choice 529 education savings plan that is terminated within twelve (12) months after the account is opened;

(2) as a result of the death or disability of an account beneficiary;

(3) because an account beneficiary received a scholarship that paid for all or part of the qualified higher education expenses of the account beneficiary, to the extent that the withdrawal or distribution does not exceed the amount of the scholarship; or

(4) by a college choice 529 education savings plan as the result of a transfer of funds by a college choice 529 education savings plan from one (1) third party custodian to another.

A qualified withdrawal does not include a rollover distribution or transfer of assets from a college choice 529 education savings plan to any other qualified tuition program under Section 529 of the Internal Revenue Code ~~that is not a college choice 529 education savings~~ **or to any other similar** plan.

(h) As used in this section, "taxpayer" means:

(1) an individual filing a single return; or

(2) a married couple filing a joint return.

(i) A taxpayer is entitled to a credit against the taxpayer's adjusted gross income tax imposed by IC 6-3-1 through IC 6-3-7 for a taxable year equal to the least of the following:

(1) Twenty percent (20%) of the amount of the total contributions made by the taxpayer to an account or accounts of a college choice 529 education savings plan during the taxable year.

(2) One thousand dollars ($1,000).

(3) The amount of the taxpayer's adjusted gross income tax imposed by IC 6-3-1 through IC 6-3-7 for the taxable year, reduced by the sum of all credits (as determined without regard to this section) allowed by IC 6-3-1 through IC 6-3-7.

(j) A taxpayer is not entitled to a carryback, carryover, or refund of an unused credit.

(k) A taxpayer may not sell, assign, convey, or otherwise transfer the tax credit provided by this section.

(l) To receive the credit provided by this section, a taxpayer must claim the credit on the taxpayer's annual state tax return or returns in the manner prescribed by the department. The taxpayer shall submit to the department all information that the department determines is necessary for the calculation of the credit provided by this section.

(m) An account owner of an account of a college choice 529 education savings plan must repay all or a part of the credit in a taxable year in which any nonqualified withdrawal is made from the account. The amount the taxpayer must repay is equal to the lesser of:

(1) twenty percent (20%) of the total amount of nonqualified withdrawals made during the taxable year from the account; or

(2) the excess of:

(A) the cumulative amount of all credits provided by this section that are claimed by any taxpayer with respect to the taxpayer's contributions to the account for all prior taxable years beginning on or after January 1, 2007; over

(B) the cumulative amount of repayments paid by the account owner under this subsection for all prior taxable years beginning on or after January 1, 2008.

(n) Any required repayment under subsection (m) shall be reported by the account owner on the account owner's annual state income tax return for any taxable year in which a nonqualified withdrawal is made.

(o) A nonresident account owner who is not required to file an annual income tax return for a taxable year in which a nonqualified withdrawal is made shall make any required repayment on the form required under IC 6-3-4-1(2). If the nonresident account owner does not make the required repayment, the department shall issue a demand notice in accordance with IC 6-8.1-5-1.

~~(o)~~ **(p)** The executive director of the Indiana education savings authority shall submit or cause to be submitted to the department a copy of all information returns or statements issued to account owners, account beneficiaries, and other taxpayers for each taxable year with respect to:

(1) nonqualified withdrawals made from accounts of a college choice 529 education savings plan for the taxable year; or

(2) account closings for the taxable year.

SECTION 8. IC 6-3-4-4.1, AS AMENDED BY P.L.211-2007, SECTION 24, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2009]: Sec. 4.1. (a) Any individual required by the

Internal Revenue Code to file estimated tax returns and to make payments on account of such estimated tax shall file estimated tax returns and make payments of the tax imposed by this article to the department at the time or times and in the installments as provided by Section 6654 of the Internal Revenue Code. However, **the following apply to estimated tax returns filed and payments made under this subsection:**

(1) In applying Section 6654 of the Internal Revenue Code for the purposes of this article, "estimated tax" means the amount which the individual estimates as the amount of the adjusted gross income tax imposed by this article for the taxable year, minus the amount which the individual estimates as the sum of any credits against the tax provided by IC 6-3-3.

(2) Estimated tax for a nonresident alien (as defined in Section 7701 of the Internal Revenue Code) must be computed by applying not more than one (1) exclusion under IC 6-3-1-3.5(a)(3) and IC 6-3-1-3.5(a)(4), regardless of the total number of exclusions that IC 6-3-1-3.5(a)(3) and IC 6-3-1-3.5(a)(4) permit the taxpayer to apply on the taxpayer's final return for the taxable year.

(b) Every individual who has adjusted gross income subject to the tax imposed by this article and from which tax is not withheld under the requirements of section 8 of this chapter shall make a declaration of estimated tax for the taxable year. However, no such declaration shall be required if the estimated tax can reasonably be expected to be less than one thousand dollars ($1,000). In the case of an underpayment of the estimated tax as provided in Section 6654 of the Internal Revenue Code, there shall be added to the tax a penalty in an amount prescribed by IC 6-8.1-10-2.1(b).

(c) Every corporation subject to the adjusted gross income tax liability imposed by this article shall be required to report and pay an estimated tax equal to the lesser of:

(1) twenty-five percent (25%) of such corporation's estimated adjusted gross income tax liability for the taxable year; or

(2) the annualized income installment calculated in the manner provided by Section 6655(e) of the Internal Revenue Code as applied to the corporation's liability for adjusted gross income tax.

A taxpayer who uses a taxable year that ends on December 31 shall file the taxpayer's estimated adjusted gross income tax returns and pay the tax to the department on or before April 20, June 20, September 20, and December 20 of the taxable year. If a taxpayer uses a taxable year that does not end on December 31, the due dates for filing estimated

adjusted gross income tax returns and paying the tax are on or before the twentieth day of the fourth, sixth, ninth, and twelfth months of the taxpayer's taxable year. The department shall prescribe the manner and forms for such reporting and payment.

(d) The penalty prescribed by IC 6-8.1-10-2.1(b) shall be assessed by the department on corporations failing to make payments as required in subsection (c) or (f). However, no penalty shall be assessed as to any estimated payments of adjusted gross income tax which equal or exceed:

(1) the annualized income installment calculated under subsection (c); or

(2) twenty-five percent (25%) of the final tax liability for the taxpayer's previous taxable year.

In addition, the penalty as to any underpayment of tax on an estimated return shall only be assessed on the difference between the actual amount paid by the corporation on such estimated return and twenty-five percent (25%) of the corporation's final adjusted gross income tax liability for such taxable year.

(e) The provisions of subsection (c) requiring the reporting and estimated payment of adjusted gross income tax shall be applicable only to corporations having an adjusted gross income tax liability which, after application of the credit allowed by IC 6-3-3-2 (repealed), shall exceed two thousand five hundred dollars ($2,500) for its taxable year.

(f) If the department determines that a corporation's:

(1) estimated quarterly adjusted gross income tax liability for the current year; or

(2) average estimated quarterly adjusted gross income tax liability for the preceding year;

exceeds five thousand dollars ($5,000), after the credit allowed by IC 6-3-3-2 (repealed), the corporation shall pay the estimated adjusted gross income taxes due by electronic funds transfer (as defined in IC 4-8.1-2-7) or by delivering in person or overnight by courier a payment by cashier's check, certified check, or money order to the department. The transfer or payment shall be made on or before the date the tax is due.

(g) If a corporation's adjusted gross income tax payment is made by electronic funds transfer, the corporation is not required to file an estimated adjusted gross income tax return.

(h) An individual filing an estimated tax return and making an estimated tax payment under this section must designate:

(1) the portion of the estimated tax payment that represents

estimated state adjusted gross income tax liability; and

(2) the portion of the estimated tax payment that represents estimated local income tax liability under IC 6-3.5.

The department shall adopt guidelines and issue instructions as necessary to assist individuals in making the designations required by this subsection.

SECTION 9. IC 6-3-4-8 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2009]: Sec. 8. (a) Except as provided in subsection (d) or (l), every employer making payments of wages subject to tax under this article, regardless of the place where such payment is made, who is required under the provisions of the Internal Revenue Code to withhold, collect, and pay over income tax on wages paid by such employer to such employee, shall, at the time of payment of such wages, deduct and retain therefrom the amount prescribed in withholding instructions issued by the department. The department shall base its withholding instructions on the adjusted gross income tax rate for persons, on the total rates of any income taxes that the taxpayer is subject to under IC 6-3.5, and on the total amount of exclusions the taxpayer is entitled to under IC 6-3-1-3.5(a)(3) and IC 6-3-1-3.5(a)(4). **However, the withholding instructions on the adjusted gross income of a nonresident alien (as defined in Section 7701 of the Internal Revenue Code) are to be based on applying not more than one (1) withholding exclusion, regardless of the total number of exclusions that IC 6-3-1-3.5(a)(3) and IC 6-3-1-3.5(a)(4) permit the taxpayer to apply on the taxpayer's final return for the taxable year.** Such employer making payments of any wages:

(1) shall be liable to the state of Indiana for the payment of the tax required to be deducted and withheld under this section and shall not be liable to any individual for the amount deducted from the individual's wages and paid over in compliance or intended compliance with this section; and

(2) shall make return of and payment to the department monthly of the amount of tax which under this article and IC 6-3.5 the employer is required to withhold.

(b) An employer shall pay taxes withheld under subsection (a) during a particular month to the department no later than thirty (30) days after the end of that month. However, in place of monthly reporting periods, the department may permit an employer to report and pay the tax for:

(1) a calendar year reporting period, if the average monthly amount of all tax required to be withheld by the employer in the previous calendar year does not exceed ten dollars ($10);

(2) a six (6) month reporting period, if the average monthly amount of all tax required to be withheld by the employer in the previous calendar year does not exceed twenty-five dollars ($25); or

(3) a three (3) month reporting period, if the average monthly amount of all tax required to be withheld by the employer in the previous calendar year does not exceed seventy-five dollars ($75).

An employer using a reporting period (other than a monthly reporting period) must file the employer's return and pay the tax for a reporting period no later than the last day of the month immediately following the close of the reporting period. If an employer files a combined sales and withholding tax report, the reporting period for the combined report is the shortest period required under this section, section 8.1 of this chapter, or IC 6-2.5-6-1.

(c) For purposes of determining whether an employee is subject to taxation under IC 6-3.5, an employer is entitled to rely on the statement of an employee as to the employee's county of residence as represented by the statement of address in forms claiming exemptions for purposes of withholding, regardless of when the employee supplied the forms. Every employee shall notify the employee's employer within five (5) days after any change in the employee's county of residence.

(d) A county that makes payments of wages subject to tax under this article:

(1) to a precinct election officer (as defined in IC 3-5-2-40.1); and

(2) for the performance of the duties of the precinct election officer imposed by IC 3 that are performed on election day;

is not required, at the time of payment of the wages, to deduct and retain from the wages the amount prescribed in withholding instructions issued by the department.

(e) Every employer shall, at the time of each payment made by the employer to the department, deliver to the department a return upon the form prescribed by the department showing:

(1) the total amount of wages paid to the employer's employees;

(2) the amount deducted therefrom in accordance with the provisions of the Internal Revenue Code;

(3) the amount of adjusted gross income tax deducted therefrom in accordance with the provisions of this section;

(4) the amount of income tax, if any, imposed under IC 6-3.5 and deducted therefrom in accordance with this section; and

(5) any other information the department may require.

Every employer making a declaration of withholding as provided in this section shall furnish the employer's employees annually, but not later

than thirty (30) days after the end of the calendar year, a record of the total amount of adjusted gross income tax and the amount of each income tax, if any, imposed under IC 6-3.5, withheld from the employees, on the forms prescribed by the department.

(f) All money deducted and withheld by an employer shall immediately upon such deduction be the money of the state, and every employer who deducts and retains any amount of money under the provisions of this article shall hold the same in trust for the state of Indiana and for payment thereof to the department in the manner and at the times provided in this article. Any employer may be required to post a surety bond in the sum the department determines to be appropriate to protect the state with respect to money withheld pursuant to this section.

(g) The provisions of IC 6-8.1 relating to additions to tax in case of delinquency and penalties shall apply to employers subject to the provisions of this section, and for these purposes any amount deducted or required to be deducted and remitted to the department under this section shall be considered to be the tax of the employer, and with respect to such amount the employer shall be considered the taxpayer. In the case of a corporate or partnership employer, every officer, employee, or member of such employer, who, as such officer, employee, or member is under a duty to deduct and remit such taxes shall be personally liable for such taxes, penalties, and interest.

(h) Amounts deducted from wages of an employee during any calendar year in accordance with the provisions of this section shall be considered to be in part payment of the tax imposed on such employee for the employee's taxable year which begins in such calendar year, and a return made by the employer under subsection (b) shall be accepted by the department as evidence in favor of the employee of the amount so deducted from the employee's wages. Where the total amount so deducted exceeds the amount of tax on the employee as computed under this article and IC 6-3.5, the department shall, after examining the return or returns filed by the employee in accordance with this article and IC 6-3.5, refund the amount of the excess deduction. However, under rules promulgated by the department, the excess or any part thereof may be applied to any taxes or other claim due from the taxpayer to the state of Indiana or any subdivision thereof. No refund shall be made to an employee who fails to file the employee's return or returns as required under this article and IC 6-3.5 within two (2) years from the due date of the return or returns. In the event that the excess tax deducted is less than one dollar ($1), no refund shall be made.

(i) This section shall in no way relieve any taxpayer from the

taxpayer's obligation of filing a return or returns at the time required under this article and IC 6-3.5, and, should the amount withheld under the provisions of this section be insufficient to pay the total tax of such taxpayer, such unpaid tax shall be paid at the time prescribed by section 5 of this chapter.

(j) Notwithstanding subsection (b), an employer of a domestic service employee that enters into an agreement with the domestic service employee to withhold federal income tax under Section 3402 of the Internal Revenue Code may withhold Indiana income tax on the domestic service employee's wages on the employer's Indiana individual income tax return in the same manner as allowed by Section 3510 of the Internal Revenue Code.

(k) To the extent allowed by Section 1137 of the Social Security Act, an employer of a domestic service employee may report and remit state unemployment insurance contributions on the employee's wages on the employer's Indiana individual income tax return in the same manner as allowed by Section 3510 of the Internal Revenue Code.

(l) The department shall adopt rules under IC 4-22-2 to exempt an employer from the duty to deduct and remit from the wages of an employee adjusted gross income tax withholding that would otherwise be required under this section whenever:

(1) an employee has at least one (1) qualifying child, as determined under Section 32 of the Internal Revenue Code;

(2) the employee is eligible for an earned income tax credit under IC 6-3.1-21;

(3) the employee elects to receive advance payments of the earned income tax credit under IC 6-3.1-21 from money that would otherwise be withheld from the employee's wages for adjusted gross income taxes; and

(4) the amount that is not deducted and remitted is distributed to the employee, in accordance with the procedures prescribed by the department, as an advance payment of the earned income tax credit for which the employee is eligible under IC 6-3.1-21.

The rules must establish the procedures and reports required to carry out this subsection.

(m) A person who knowingly fails to remit trust fund money as set forth in this section commits a Class D felony.

SECTION 10. IC 6-3-4-15.7 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2009]: Sec. 15.7. (a) The payor of a periodic or nonperiodic distribution under an annuity, a pension, a retirement, or other deferred compensation plan, as described in Section 3405 of the Internal Revenue Code, that is paid to

a resident of this state shall, upon receipt from the payee of a written request for state income tax withholding, withhold the requested amount from each payment. The request must:

(1) be dated and signed by the payee; ~~and~~

(2) specify the flat whole dollar amount to be withheld from each payment; ~~The request must also~~

(3) designate the portion of the withheld amount that represents estimated state adjusted gross income tax liability and the portion of the withheld amount that represents estimated local income tax liability under IC 6-3.5; and

(4) specify the payee's name, current address, taxpayer identification number, and the contract, policy, or account number to which the request applies.

The request shall remain in effect until the payor receives in writing from the payee a change in or revocation of the request. **The department shall adopt guidelines and issue instructions as necessary to assist individuals in making the designations required by subdivision (3).**

(b) The payor is not required to withhold state income tax from a payment if the amount to be withheld is less than ten dollars ($10) or if the amount to be withheld would reduce the affected payment to less than ten dollars ($10).

(c) The payor is responsible for custody of withheld funds, for reporting withheld funds to the state and to the payee, and for remitting withheld funds to the state in the same manner as is done for wage withholding, including utilization of federal forms and participation by Indiana in the combined Federal/State Filing Program on magnetic media.

SECTION 11. IC 6-3-4-16 IS ADDED TO THE INDIANA CODE AS A **NEW** SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2008]: **Sec. 16. For individual income tax returns filed after December 31, 2010, the department shall develop procedures to implement a system of crosschecks between:**

(1) employer WH-3 forms (annual withholding tax reports) with accompanying W-2 forms; and

(2) individual taxpayer W-2 forms.

SECTION 12. IC 6-3-4-17 IS ADDED TO THE INDIANA CODE AS A **NEW** SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2008]: **Sec. 17. Beginning after December 31, 2010, the department and the office of management and budget shall:**

(1) develop a quarterly report that summarizes the amount reported to and processed by the department under section

4.1(h) of this chapter, section 15.7(a)(3) of this chapter, IC 6-3.5-1.1-18(c), IC 6-3.5-6-22(c), IC 6-3.5-7-18(c), and IC 6-3.5-8-22(c) for each county; and

(2) make the quarterly report available to county auditors within forty-five (45) days after the end of the calendar quarter.

SECTION 13. IC 6-3.1-21-6 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2009]: Sec. 6. (a) **Except as provided by subsection (b),** an individual who is eligible for an earned income tax credit under Section 32 of the Internal Revenue Code is eligible for a credit under this chapter equal to six percent (6%) of the amount of the federal earned income tax credit that the individual:

(1) is eligible to receive in the taxable year; and

(2) claimed for the taxable year;

under Section 32 of the Internal Revenue Code.

(b) In the case of a nonresident taxpayer or a resident taxpayer residing in Indiana for a period of less than the taxpayer's entire taxable year, the amount of the credit is equal to the product of:

(1) the amount determined under subsection (a); multiplied by

(2) the quotient of the taxpayer's income taxable in Indiana divided by the taxpayer's total income.

~~(b)~~ **(c)** If the credit amount exceeds the taxpayer's adjusted gross income tax liability for the taxable year, the excess, less any advance payments of the credit made by the taxpayer's employer under IC 6-3-4-8 that reduce the excess, shall be refunded to the taxpayer.

SECTION 14. IC 6-3.1-32.3 IS ADDED TO THE INDIANA CODE AS A **NEW** CHAPTER TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2009]:

Chapter 32.3. Indiana New Markets Development Program

Sec. 1. As used in this chapter, "applicable percentage" means five percent (5%) for each credit allowance date.

Sec. 2. As used in this chapter, "corporation" refers to the Indiana economic development corporation.

Sec. 3. As used in this chapter, "credit allowance date", with respect to any qualified equity investment, means:

(1) the date on which the investment is initially made; and

(2) each of the subsequent six (6) anniversary dates of the date described in subdivision (1).

Sec. 4. As used in this chapter, "direct tracing" means the tracking, by accepted accounting methods, of the proceeds of qualified equity investments into qualified low income community investments.

Sec. 5. As used in this chapter, "long term debt security" means any debt instrument issued by a qualified community development entity, at par value or a premium, with an original maturity date of at least seven (7) years after the date of its issuance, with no acceleration of repayment, amortization, or prepayment features before its original maturity date, and with no distribution, payment, or interest features related to the profitability of the qualified community development entity or the performance of the qualified community development entity's investment portfolio. This section does not limit the holder's ability to accelerate payments on the debt instrument in situations in which the issuer has defaulted on covenants designed to ensure compliance with this chapter or Section 45D of the Internal Revenue Code.

Sec. 6. As used in this chapter, "purchase price" means the amount paid to the issuer of a qualified equity investment for the qualified equity investment.

Sec. 7. As used in this chapter, "qualified active low-income community business" has the meaning set forth in Section 45D of the Internal Revenue Code.

Sec. 8. As used in this chapter, "qualified community development entity" means a qualified community development entity (as defined in Section 45D of the Internal Revenue Code) that has entered into an allocation agreement with the Community Development Financial Institutions Fund of the United States Treasury Department with respect to credits authorized by Section 45D of the Internal Revenue Code that includes Indiana within the service area set forth in the allocation agreement.

Sec. 9. As used in this chapter, "qualified equity investment" means any equity investment in, or long term debt security issued by, a qualified community development entity that:

(1) is acquired after December 31, 2008, at its original issuance solely in exchange for cash;

(2) has at least eighty-five percent (85%) of its cash purchase price used by the issuer to make qualified low income community investments; and

(3) is designated by the issuer as a qualified equity investment under this chapter.

The term includes an investment that does not meet the provisions of subdivision (1) if the investment was a qualified equity investment in the hands of a prior holder.

Sec. 10. As used in this chapter, "qualified low income community investment" means any capital or equity investment in,

or loan to, any qualified active low-income community business. With respect to any one (1) qualified active low-income community business, the maximum amount of qualified low income community investments made in the business, on a collective basis with all of its affiliates, may not exceed ten million dollars ($10,000,000) whether issued to one (1) or several qualified community development entities.

Sec. 11. As used in this chapter, "pass through entity" means a:

(1) corporation that is exempt from the adjusted gross income tax under IC 6-3-2-2.8(2);

(2) partnership;

(3) trust;

(4) limited liability company; or

(5) limited liability partnership;

that is not subject to state tax liability.

Sec. 12. As used in this chapter, "state credit" refers to a credit granted under this chapter against state tax liability.

Sec. 13. As used in this chapter, "state tax liability" means a taxpayer's total tax liability that is incurred under:

(1) IC 6-3-1 through IC 6-3-7 (the adjusted gross income tax);

(2) IC 27-1-18-2 (the insurance premiums tax); and

(3) IC 6-5.5 (the financial institutions tax);

as computed after the application of the credits that under IC 6-3.1-1-2 are to be applied before the credit provided by this chapter.

Sec. 14. As used in this chapter, "taxpayer" means an individual, a corporation, a partnership, or another entity that has state tax liability.

Sec. 15. A taxpayer that makes a qualified equity investment earns a vested right to state tax credits as follows:

(1) On each credit allowance date of the qualified equity investment, the taxpayer, or subsequent holder of the qualified equity investment, is entitled to a state tax credit during the taxable year including the credit allowance date.

(2) The state tax credit amount is equal to the applicable percentage multiplied by the purchase price paid to the issuer of the qualified equity investment.

(3) The amount of the state tax credit claimed may not exceed the amount of the taxpayer's state tax liability for the tax year for which the tax credit is claimed.

Sec. 16. A tax credit claimed under this chapter is not refundable or saleable on the open market.

Sec. 17. (a) If:

(1) a pass through entity does not have state tax liability against which the state credit may be applied; and

(2) the pass through entity would be eligible for a state credit if the pass through entity were a taxpayer;

a shareholder, partner, or member of the pass through entity is entitled to a state credit under this chapter.

(b) Tax credits earned by a pass through entity may be allocated to the partners, members, or shareholders of the pass through entity for their direct use in accordance with the provisions of any agreement among the partners, members, or shareholders.

Sec. 18. (a) If the amount of a state credit for a taxpayer in a taxable year exceeds the taxpayer's state tax liability for that taxable year, the taxpayer may carry the excess over to not more than five (5) subsequent taxable years. The amount of the state credit carryover from a taxable year shall be reduced to the extent that the carryover is used by the taxpayer to obtain a state credit under this chapter for any subsequent taxable year.

(b) A taxpayer is not entitled to a carryback or refund of an unused state credit.

Sec. 19. The issuer of a qualified equity investment shall certify to the corporation the anticipated dollar amount of the investments to be made in Indiana during the first twelve (12) month period following the initial credit allowance date. If on the second credit allowance date, the actual dollar amount of the investments is different than the amount estimated, the corporation shall adjust the credits arising on the second allowance date to account for the difference.

Sec. 20. If the proceeds of a qualified equity investment are invested completely in qualified low income community investments in Indiana, the purchase price, for the purpose of calculating the state credit created by this chapter, equals one hundred percent (100%) of the qualified equity investment, regardless of the location of investments made with the proceeds of other qualified equity investments issued by the same qualified community development entity.

Sec. 21. To the extent a part of a qualified equity investment is not invested in Indiana, the purchase price must be reduced by the same ratio, independently of the location of investments made with proceeds of other qualified equity investments issued by the same qualified community development entity. In this case, the burden is on the qualified community development entity to establish the

extent to which the qualified equity investments are fully invested in Indiana, either by:

(1) establishing that the qualified community development entity itself invests exclusively in Indiana; or

(2) otherwise establishing, through direct tracing, the part of a qualified equity investment invested solely in Indiana.

Sec. 22. The corporation shall recapture the tax credit allowed under this chapter from a taxpayer that claimed the credit on a return, if:

(1) any amount of the federal tax credit available with respect to a qualified equity investment that is eligible for a tax credit under this section is recaptured under Section 45D of the Internal Revenue Code; or

(2) subject to section 23 of this chapter, the issuer redeems or makes a principal repayment with respect to a qualified equity investment before the seventh anniversary of the issuance of the qualified equity investment.

If subdivision (1) applies, the corporation's recapture is proportionate to the federal recapture with respect to the qualified equity investment. If subdivision (2) applies, the corporation's recapture is proportionate to the amount of the redemption or repayment with respect to the qualified equity investment.

Sec. 23. For purposes of section 22(2) of this chapter, an investment shall be considered held by an issuer even if the investment has been sold or repaid if the issuer reinvests an amount equal to the capital returned to or recovered by the issuer from the original investment, exclusive of any profits realized, in another qualified low income community investment within twelve (12) months after receipt of the capital. An issuer may not be required to reinvest capital returned from qualified low income community investments after the sixth anniversary of the issuance of the qualified equity investment, the proceeds of which were used to make the qualified low income community investment. The qualified low income community investment shall be considered held by the issuer through the seventh anniversary of the qualified equity investment's issuance.

Sec. 24. The corporation shall give notice of an action taken under this chapter in the manner determined by the corporation.

Sec. 25. To apply a state credit against the taxpayer's state tax liability, a taxpayer must claim the state credit on the taxpayer's annual state tax return or returns in the manner prescribed by the department. A taxpayer claiming a state credit shall submit to the

department the information the department determines is necessary for the department to determine whether the taxpayer is eligible for the state credit.

SECTION 15. IC 6-3.5-1.1-9, AS AMENDED BY P.L.224-2007, SECTION 61, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2008]: Sec. 9. (a) Revenue derived from the imposition of the county adjusted gross income tax shall, in the manner prescribed by this section, be distributed to the county that imposed it. The amount to be distributed to a county during an ensuing calendar year equals the amount of county adjusted gross income tax revenue that the department, after reviewing the recommendation of the budget agency, determines has been:

(1) received from that county for a taxable year ending before the calendar year in which the determination is made; and

(2) reported on an annual return or amended return processed by the department in the state fiscal year ending before July 1 of the calendar year in which the determination is made;

as adjusted (as determined after review of the recommendation of the budget agency) for refunds of county adjusted gross income tax made in the state fiscal year.

(b) Before August 2 of each calendar year, the department, after reviewing the recommendation of the budget agency, shall certify to the county auditor of each adopting county the amount determined under subsection (a) plus the amount of interest in the county's account that has accrued and has not been included in a certification made in a preceding year. The amount certified is the county's "certified distribution" for the immediately succeeding calendar year. The amount certified shall be adjusted under subsections (c), (d), (e), (f), (g), and (h). The ~~department~~ **budget agency** shall provide **the county council** with ~~the certification~~ an informative summary of the calculations used to determine the certified distribution. **The summary of calculations must include:**

(1) the amount reported on individual income tax returns processed by the department during the previous fiscal year;

(2) adjustments for over distributions in prior years;

(3) adjustments for clerical or mathematical errors in prior years;

(4) adjustments for tax rate changes; and

(5) the amount of excess account balances to be distributed under IC 6-3.5-1.1-21.1.

The department shall also certify information concerning the part of the certified distribution that is attributable to a tax rate under section 24,

25, or 26 of this chapter. This information must be certified to the county auditor and to the department of local government finance not later than September 1 of each calendar year. The part of the certified distribution that is attributable to a tax rate under section 24, 25, or 26 of this chapter may be used only as specified in those provisions.

(c) The department shall certify an amount less than the amount determined under subsection (b) if the department, after reviewing the recommendation of the budget agency, determines that the reduced distribution is necessary to offset overpayments made in a calendar year before the calendar year of the distribution. The department, after reviewing the recommendation of the budget agency, may reduce the amount of the certified distribution over several calendar years so that any overpayments are offset over several years rather than in one (1) lump sum.

(d) The department, after reviewing the recommendation of the budget agency, shall adjust the certified distribution of a county to correct for any clerical or mathematical errors made in any previous certification under this section. The department, after reviewing the recommendation of the budget agency, may reduce the amount of the certified distribution over several calendar years so that any adjustment under this subsection is offset over several years rather than in one (1) lump sum.

(e) The department, after reviewing the recommendation of the budget agency, shall adjust the certified distribution of a county to provide the county with the distribution required under section 10(b) of this chapter.

(f) This subsection applies to a county that:

(1) initially imposes the county adjusted gross income tax; or

(2) increases the county adjusted income tax rate;

under this chapter in the same calendar year in which the department makes a certification under this section. The department, after reviewing the recommendation of the budget agency, shall adjust the certified distribution of a county to provide for a distribution in the immediately following calendar year and in each calendar year thereafter. The department shall provide for a full transition to certification of distributions as provided in subsection (a)(1) through (a)(2) in the manner provided in subsection (c).

(g) The department, after reviewing the recommendation of the budget agency, shall adjust the certified distribution of a county to provide the county with the distribution required under section 3.3 of this chapter beginning not later than the tenth month after the month in which additional revenue from the tax authorized under section 3.3 of

this chapter is initially collected.

(h) This subsection applies in the year in which a county initially imposes a tax rate under section 24 of this chapter. Notwithstanding any other provision, the department shall adjust the part of the county's certified distribution that is attributable to the tax rate under section 24 of this chapter to provide for a distribution in the immediately following calendar year equal to the result of:

(1) the sum of the amounts determined under STEP ONE through STEP FOUR of IC 6-3.5-1.5-1(a) in the year in which the county initially imposes a tax rate under section 24 of this chapter; multiplied by

(2) two (2).

SECTION 16. IC 6-3.5-1.1-18 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2009]: Sec. 18. (a) Except as otherwise provided in this chapter, all provisions of the adjusted gross income tax law (IC 6-3) concerning:

(1) definitions;

(2) declarations of estimated tax;

(3) filing of returns;

(4) remittances;

(5) incorporation of the provisions of the Internal Revenue Code;

(6) penalties and interest;

(7) exclusion of military pay credits for withholding; and

(8) exemptions and deductions;

apply to the imposition, collection, and administration of the tax imposed by this chapter.

(b) The provisions of IC 6-3-1-3.5(a)(6), IC 6-3-3-3, IC 6-3-3-5, and IC 6-3-5-1 do not apply to the tax imposed by this chapter.

(c) Notwithstanding subsections (a) and (b), each employer shall report to the department the amount of withholdings attributable to each county. This report shall be submitted **to the department:**

(1) each time the employer remits to the department the tax that is withheld; and

(2) annually along with the employer's annual withholding report.

SECTION 17. IC 6-3.5-1.1-27 IS ADDED TO THE INDIANA CODE AS A **NEW** SECTION TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: **Sec. 27. (a) As used in this section, "qualified residential property" has the meaning set forth in IC 6-1.1-20.6-4.**

(b) As used in this section, "school allocation area" means the area located within the boundaries of the area within a county served by a school corporation.

(c) As used in this section, "school allocation area account" means an account established by a county treasurer for each school allocation area located within the county.

(d) Notwithstanding any other law, revenues from a tax rate imposed under sections 24, 25, or 26 of this chapter may be distributed to each school allocation area account based on the proportion of the total assessed value of all qualified residential property located within the county in each school allocation area as compared to the total assessed value of all qualified residential property located in the county.

(e) Revenue in a school allocation area account may be used for one (1) or more of the following purposes:

(1) To replace all or part of the county's revenues reduced as a result of the application of the credits under IC 6-1.1-20.6 to property located within the school allocation area.

(2) If a county replaces all of the county's reduced revenues referred to in subdivision (1), the county may allocate additional revenue remaining in the school allocation area account as provided under subsection (g) to be held by the county auditor and applied as a uniform percentage to reduce property taxes levied by the county on qualified residential property within the school allocation area.

(3) To fund property tax relief, including replacement of revenues reduced as a result of the application of the credits under IC 6-1.1-20.6, in any:

(A) school corporation; or

(B) civil taxing unit, other than the county, within the school allocation area;

as determined by the county council.

The ordinance imposing a tax rate under this section must specify the purpose or purposes for which revenues from the tax rate will be used.

(f) If a county allocates revenue from a school allocation area account to replace the county's reduced revenues referred to in subsection (e)(1) attributable to a particular school allocation area, the county shall allocate revenues from all school allocation area accounts to replace the reduced revenues for all school allocation areas within the county. The amount of revenue that may be allocated by the county from each school allocation area account for purposes of this subsection is equal to the amount determined under STEP FIVE of the following formula:

STEP ONE: Determine the total amount of revenue that will

be allocated for the purpose of replacing the county's reduced revenues referred to in subsection (e)(1).

STEP TWO: Determine the sum of all credits under IC 6-1.1-20.6 applied to property located within the school allocation area that are attributable to the county unit.

STEP THREE: Determine the sum of all credits under IC 6-1.1-20.6 applied to property located within the county that are attributable to the county unit.

STEP FOUR: Divide the STEP TWO result by the STEP THREE result.

STEP FIVE: Multiply the STEP FOUR quotient by the STEP ONE result.

If the amount of revenue remaining in a school allocation area account is insufficient to make the allocation required under this subsection, the county shall reduce the total amount of revenue that will be allocated for the purpose of replacing the county's reduced revenues referred to in subsection (e)(1) and recalculate the allocations that must be made from each school allocation area account under this subsection.

(g) If a county chooses to allocate additional revenue from a school allocation area account for the purpose of reducing property taxes levied by the county as allowed under subsection (e)(2), the county must allocate revenues from all school allocation area accounts for that purpose. The amount of revenue allocated from each account must be equal to the amount determined under STEP FIVE of the following formula:

STEP ONE: Determine the total amount of revenue that will be allocated for the purpose of reducing property taxes levied by the county as allowed under subsection (e)(2).

STEP TWO: Determine the total assessed value of all qualified residential property located within the school allocation area.

STEP THREE: Determine the total assessed value of all qualified residential property located within the county.

STEP FOUR: Divide the STEP TWO result by the STEP THREE result.

STEP FIVE: Multiply the STEP FOUR quotient by the STEP ONE result.

If the amount of revenue remaining in a school allocation area account is insufficient to make the allocation required under this subsection, the county shall reduce the total amount of revenue that will be allocated for the purpose of reducing property taxes

levied by the county as allowed under subsection (e)(2) and recalculate the allocations that must be made from each school allocation area account under this subsection.

(h) If a county chooses to fund property tax relief in a civil taxing unit under subsection (e)(3) and the civil taxing unit is located in more than one (1) school allocation area, the county shall fund the property tax relief from the school allocation area account of each school allocation area containing part of the civil taxing unit. The amount of revenue that shall be distributed from each school allocation area account is equal to the amount determined under STEP FOUR of the following formula:

STEP ONE: Determine the total assessed value of all qualified residential property located within both:

(A) the civil taxing unit; and

(B) the school allocation area.

STEP TWO: Determine the total assessed value of all qualified residential property located within the civil taxing unit.

STEP THREE: Divide the STEP ONE result by the STEP TWO result.

STEP FOUR: Multiply the STEP THREE quotient by the total funding the county council is choosing to provide to the civil taxing unit under subsection (e)(3).

If the amount of revenue remaining in a school allocation area account is insufficient to provide the funding allowed under this subsection, the county shall reduce the total amount of revenue that will be used for the purpose of funding property tax relief as allowed under subsection (e)(3) and recalculate the funding that will be provided from each school allocation area account under this subsection.

SECTION 18. IC 6-3.5-6-17, AS AMENDED BY P.L.224-2007, SECTION 78, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2008]: Sec. 17. (a) Revenue derived from the imposition of the county option income tax shall, in the manner prescribed by this section, be distributed to the county that imposed it. The amount that is to be distributed to a county during an ensuing calendar year equals the amount of county option income tax revenue that the department, after reviewing the recommendation of the budget agency, determines has been:

(1) received from that county for a taxable year ending in a calendar year preceding the calendar year in which the determination is made; and

(2) reported on an annual return or amended return processed by the department in the state fiscal year ending before July 1 of the calendar year in which the determination is made;

as adjusted (as determined after review of the recommendation of the budget agency) for refunds of county option income tax made in the state fiscal year.

(b) Before August 2 of each calendar year, the department, after reviewing the recommendation of the budget agency, shall certify to the county auditor of each adopting county the amount determined under subsection (a) plus the amount of interest in the county's account that has accrued and has not been included in a certification made in a preceding year. The amount certified is the county's "certified distribution" for the immediately succeeding calendar year. The amount certified shall be adjusted, as necessary, under subsections (c), (d), (e), and (f). The ~~department~~ **budget agency** shall provide **the county council** with ~~the certification~~ an informative summary of the calculations used to determine the certified distribution. **The summary of calculations must include:**

(1) the amount reported on individual income tax returns processed by the department during the previous fiscal year;

(2) adjustments for over distributions in prior years;

(3) adjustments for clerical or mathematical errors in prior years;

(4) adjustments for tax rate changes; and

(5) the amount of excess account balances to be distributed under IC 6-3.5-6-17.3.

The department shall also certify information concerning the part of the certified distribution that is attributable to a tax rate under section 30, 31, or 32 of this chapter. This information must be certified to the county auditor and to the department of local government finance not later than September 1 of each calendar year. The part of the certified distribution that is attributable to a tax rate under section 30, 31, or 32 of this chapter may be used only as specified in those provisions.

(c) The department shall certify an amount less than the amount determined under subsection (b) if the department, after reviewing the recommendation of the budget agency, determines that the reduced distribution is necessary to offset overpayments made in a calendar year before the calendar year of the distribution. The department, after reviewing the recommendation of the budget agency, may reduce the amount of the certified distribution over several calendar years so that any overpayments are offset over several years rather than in one (1) lump sum.

(d) The department, after reviewing the recommendation of the budget agency, shall adjust the certified distribution of a county to correct for any clerical or mathematical errors made in any previous certification under this section. The department, after reviewing the recommendation of the budget agency, may reduce the amount of the certified distribution over several calendar years so that any adjustment under this subsection is offset over several years rather than in one (1) lump sum.

(e) This subsection applies to a county that:

(1) initially imposed the county option income tax; or

(2) increases the county option income tax rate;

under this chapter in the same calendar year in which the department makes a certification under this section. The department, after reviewing the recommendation of the budget agency, shall adjust the certified distribution of a county to provide for a distribution in the immediately following calendar year and in each calendar year thereafter. The department shall provide for a full transition to certification of distributions as provided in subsection (a)(1) through (a)(2) in the manner provided in subsection (c).

(f) This subsection applies in the year a county initially imposes a tax rate under section 30 of this chapter. Notwithstanding any other provision, the department shall adjust the part of the county's certified distribution that is attributable to the tax rate under section 30 of this chapter to provide for a distribution in the immediately following calendar year equal to the result of:

(1) the sum of the amounts determined under STEP ONE through STEP FOUR of IC 6-3.5-1.5-1(a) in the year in which the county initially imposes a tax rate under section 30 of this chapter; multiplied by

(2) the following:

(A) In a county containing a consolidated city, one and five-tenths (1.5).

(B) In a county other than a county containing a consolidated city, two (2).

(g) One-twelfth (1/12) of each adopting county's certified distribution for a calendar year shall be distributed from its account established under section 16 of this chapter to the appropriate county treasurer on the first day of each month of that calendar year.

(h) Upon receipt, each monthly payment of a county's certified distribution shall be allocated among, distributed to, and used by the civil taxing units of the county as provided in sections 18 and 19 of this chapter.

(i) All distributions from an account established under section 16 of this chapter shall be made by warrants issued by the auditor of state to the treasurer of state ordering the appropriate payments.

SECTION 19. IC 6-3.5-6-18, AS AMENDED BY P.L.224-2007, SECTION 79, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2008]: Sec. 18. (a) The revenue a county auditor receives under this chapter shall be used to:

(1) replace the amount, if any, of property tax revenue lost due to the allowance of an increased homestead credit within the county;

(2) fund the operation of a public communications system and computer facilities district as provided in an election, if any, made by the county fiscal body under IC 36-8-15-19(b);

(3) fund the operation of a public transportation corporation ~~as provided in an election, if any, made by the county fiscal body under IC 36-9-4-42,~~ **established under IC 36-9-4;**

(4) make payments permitted under IC 36-7-15.1-17.5;

(5) make payments permitted under subsection (i);

(6) make distributions of distributive shares to the civil taxing units of a county; and

(7) make the distributions permitted under sections 27, 28, 29, 30, 31, 32, and 33 of this chapter.

(b) The county auditor shall retain from the payments of the county's certified distribution, an amount equal to the revenue lost, if any, due to the increase of the homestead credit within the county. This money shall be distributed to the civil taxing units and school corporations of the county as though they were property tax collections and in such a manner that no civil taxing unit or school corporation shall suffer a net revenue loss due to the allowance of an increased homestead credit.

(c) The county auditor shall retain:

(1) the amount, if any, specified by the county fiscal body for a particular calendar year under subsection (i), IC 36-7-15.1-17.5, IC 36-8-15-19(b), and IC 36-9-4-42 from the county's certified distribution for that same calendar year; and

(2) the amount of an additional tax rate imposed under section 27, 28, 29, 30, 31, 32, or 33 of this chapter.

The county auditor shall distribute amounts retained under this subsection to the county.

(d) All certified distribution revenues that are not retained and distributed under subsections (b) and (c) shall be distributed to the civil taxing units of the county as distributive shares.

(e) The amount of distributive shares that each civil taxing unit in a county is entitled to receive during a month equals the product of the

following:

(1) The amount of revenue that is to be distributed as distributive shares during that month; multiplied by

(2) A fraction. The numerator of the fraction equals the allocation amount for the civil taxing unit for the calendar year in which the month falls. The denominator of the fraction equals the sum of the allocation amounts of all the civil taxing units of the county for the calendar year in which the month falls.

(f) The department of local government finance shall provide each county auditor with the fractional amount of distributive shares that each civil taxing unit in the auditor's county is entitled to receive monthly under this section.

(g) Notwithstanding subsection (e), if a civil taxing unit of an adopting county does not impose a property tax levy that is first due and payable in a calendar year in which distributive shares are being distributed under this section, that civil taxing unit is entitled to receive a part of the revenue to be distributed as distributive shares under this section within the county. The fractional amount such a civil taxing unit is entitled to receive each month during that calendar year equals the product of the following:

(1) The amount to be distributed as distributive shares during that month; multiplied by

(2) A fraction. The numerator of the fraction equals the budget of that civil taxing unit for that calendar year. The denominator of the fraction equals the aggregate budgets of all civil taxing units of that county for that calendar year.

(h) If for a calendar year a civil taxing unit is allocated a part of a county's distributive shares by subsection (g), then the formula used in subsection (e) to determine all other civil taxing units' distributive shares shall be changed each month for that same year by reducing the amount to be distributed as distributive shares under subsection (e) by the amount of distributive shares allocated under subsection (g) for that same month. The department of local government finance shall make any adjustments required by this subsection and provide them to the appropriate county auditors.

(i) Notwithstanding any other law, a county fiscal body may pledge revenues received under this chapter (other than revenues attributable to a tax rate imposed under section 30, 31, or 32 of this chapter) to the payment of bonds or lease rentals to finance a qualified economic development tax project under IC 36-7-27 in that county or in any other county if the county fiscal body determines that the project will promote significant opportunities for the gainful employment or

retention of employment of the county's residents.

SECTION 20. IC 6-3.5-6-22 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2009]: Sec. 22. (a) Except as otherwise provided in subsection (b) and the other provisions of this chapter, all provisions of the adjusted gross income tax law (IC 6-3) concerning:

(1) definitions;
(2) declarations of estimated tax;
(3) filing of returns;
(4) deductions or exemptions from adjusted gross income;
(5) remittances;
(6) incorporation of the provisions of the Internal Revenue Code;
(7) penalties and interest; and
(8) exclusion of military pay credits for withholding;

apply to the imposition, collection, and administration of the tax imposed by this chapter.

(b) The provisions of IC 6-3-1-3.5(a)(6), IC 6-3-3-3, IC 6-3-3-5, and IC 6-3-5-1 do not apply to the tax imposed by this chapter.

(c) Notwithstanding subsections (a) and (b), each employer shall report to the department the amount of withholdings attributable to each county. This report shall be submitted **to the department:**

(1) each time the employer remits to the department the tax that is withheld; and

(2) annually along with the employer's ~~other~~ **annual** withholding report.

SECTION 21. IC 6-3.5-6-34 IS ADDED TO THE INDIANA CODE AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: **Sec. 34. (a) As used in this section, "qualified residential property" has the meaning set forth in IC 6-1.1-20.6-4.**

(b) As used in this section, "school allocation area" means the area located within the boundaries of the area within a county served by a school corporation.

(c) As used in this section, "school allocation area account" means an account established by a county treasurer for each school allocation area located within the county.

(d) Notwithstanding any other law, revenues from a tax rate imposed under sections 30, 31, or 32 of this chapter may be distributed to each school allocation area account based on the proportion of the total assessed value of all qualified residential property located within the county in each school allocation area as compared to the total assessed value of all qualified residential property located in the county.

(e) Revenue in a school allocation area account may be used for one (1) or more of the following purposes:

(1) To replace all or part of the county's revenues reduced as a result of the application of the credits under IC 6-1.1-20.6 to property located within the school allocation area.

(2) If a county replaces all of the county's reduced revenues referred to in subdivision (1), the county may allocate additional revenue remaining in the school allocation area account as provided under subsection (g) to be held by the county auditor and applied as a uniform percentage to reduce property taxes levied by the county on qualified residential property within the school allocation area.

(3) To fund property tax relief, including replacement of revenues reduced as a result of the application of the credits under IC 6-1.1-20.6, in any:

(A) school corporation; or

(B) civil taxing unit, other than the county, within the school allocation area;

as determined by the county council.

The ordinance imposing a tax rate under this section must specify the purpose or purposes for which revenues from the tax rate will be used. In the case of a county containing a consolidated city, the county council may replace reduced revenues of the consolidated city as allowed under subdivision (1), and may allocate additional revenue as allowed under subdivision (2) to reduce property taxes levied by the consolidated city. In the case of a county containing a consolidated city, the county council may not fund property tax relief of the county or consolidated city under subdivision (3).

(f) If a county allocates revenue from a school allocation area account to replace the county's reduced revenues referred to in subsection (e)(1) attributable to a particular school allocation area, the county shall allocate revenues from all school allocation area accounts to replace the reduced revenues for all school allocation areas within the county. The amount of revenue that may be allocated by the county from each school allocation area account for purposes of this subsection is equal to the amount determined under STEP FIVE of the following formula:

STEP ONE: Determine the total amount of revenue that will be allocated for the purpose of replacing the county's reduced revenues referred to in subsection (e)(1).

STEP TWO: Determine the sum of all credits under IC 6-1.1-20.6 applied to property located within the school

allocation area that are attributable to the county unit.

STEP THREE: Determine the sum of all credits under IC 6-1.1-20.6 applied to property located within the county that are attributable to the county unit.

STEP FOUR: Divide the STEP TWO result by the STEP THREE result.

STEP FIVE: Multiply the STEP FOUR quotient by the STEP ONE result.

If the amount of revenue remaining in a school allocation area account is insufficient to make the allocation required under this subsection, the county shall reduce the total amount of revenue that will be allocated for the purpose of replacing the county's reduced revenues referred to in subsection (e)(1) and recalculate the allocations that must be made from each school allocation area account under this subsection.

(g) If a county chooses to allocate additional revenue from a school allocation area account for the purpose of reducing property taxes levied by the county as allowed under subsection (e)(2) the county must allocate revenues from all school allocation area accounts for that purpose. The amount of revenue allocated from each account must be equal to the amount determined under STEP FIVE of the following formula:

STEP ONE: Determine the total amount of revenue that will be allocated for the purpose of reducing property taxes levied by the county as allowed under subsection (e)(2).

STEP TWO: Determine the total assessed value of all qualified residential property located within the school allocation area.

STEP THREE: Determine the total assessed value of all qualified residential property located within the county.

STEP FOUR: Divide the STEP TWO result by the STEP THREE result.

STEP FIVE: Multiply the STEP FOUR quotient by the STEP ONE result.

If the amount of revenue remaining in a school allocation area account is insufficient to make the allocation required under this subsection, the county shall reduce the total amount of revenue that will be allocated for the purpose of reducing property taxes levied by the county as allowed under subsection (e)(2) and recalculate the allocations that must be made from each school allocation area account under this subsection.

(h) If a county chooses to fund property tax relief in a civil

taxing unit under subsection (e)(3) and the civil taxing unit is located in more than one (1) school allocation area, the county shall fund the property tax relief from the school allocation area account of each school allocation area containing part of the civil taxing unit. The amount of revenue that shall be distributed from each school allocation area account is equal to the amount determined under STEP FOUR of the following formula:

STEP ONE: Determine the total assessed value of all qualified residential property located within both:

(A) the civil taxing unit; and

(B) the school allocation area.

STEP TWO: Determine the total assessed value of all qualified residential property located within the civil taxing unit.

STEP THREE: Divide the STEP ONE result by the STEP TWO result.

STEP FOUR: Multiply the STEP THREE quotient by the total funding the county council is choosing to provide to the civil taxing unit under subsection (e)(3).

If the amount of revenue remaining in a school allocation area account is insufficient to provide the funding allowed under this subsection, the county shall reduce the total amount of revenue that will be used for the purpose of funding property tax relief as allowed under subsection (e)(3) and recalculate the funding that will provided from each school allocation area account under this subsection.

SECTION 22. IC 6-3.5-7-11, AS AMENDED BY P.L.207-2005, SECTION 9, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2008]: Sec. 11. (a) Revenue derived from the imposition of the county economic development income tax shall, in the manner prescribed by this section, be distributed to the county that imposed it.

(b) Before August 2 of each calendar year, the department, after reviewing the recommendation of the budget agency, shall certify to the county auditor of each adopting county the sum of the amount of county economic development income tax revenue that the department determines has been:

(1) received from that county for a taxable year ending before the calendar year in which the determination is made; and

(2) reported on an annual return or amended return processed by the department in the state fiscal year ending before July 1 of the calendar year in which the determination is made;

as adjusted (as determined after review of the recommendation of the

budget agency) for refunds of county economic development income tax made in the state fiscal year plus the amount of interest in the county's account that has been accrued and has not been included in a certification made in a preceding year. The amount certified is the county's certified distribution, which shall be distributed on the dates specified in section 16 of this chapter for the following calendar year. The amount certified shall be adjusted under subsections (c), (d), (e), (f), and (g). The ~~department~~ **budget agency** shall provide **the county council** with ~~the certification~~ an informative summary of the calculations used to determine the certified distribution. **The summary of calculations must include:**

(1) the amount reported on individual income tax returns processed by the department during the previous fiscal year;

(2) adjustments for over distributions in prior years;

(3) adjustments for clerical or mathematical errors in prior years;

(4) adjustments for tax rate changes; and

(5) the amount of excess account balances to be distributed under IC 6-3.5-7-17.3.

(c) The department shall certify an amount less than the amount determined under subsection (b) if the department, after reviewing the recommendation of the budget agency, determines that the reduced distribution is necessary to offset overpayments made in a calendar year before the calendar year of the distribution. The department, after reviewing the recommendation of the budget agency, may reduce the amount of the certified distribution over several calendar years so that any overpayments are offset over several years rather than in one (1) lump sum.

(d) After reviewing the recommendation of the budget agency, the department shall adjust the certified distribution of a county to correct for any clerical or mathematical errors made in any previous certification under this section. The department, after reviewing the recommendation of the budget agency, may reduce the amount of the certified distribution over several calendar years so that any adjustment under this subsection is offset over several years rather than in one (1) lump sum.

(e) The department, after reviewing the recommendation of the budget agency, shall adjust the certified distribution of a county to provide the county with the distribution required under section 16(b) of this chapter.

(f) The department, after reviewing the recommendation of the budget agency, shall adjust the certified distribution of a county to

provide the county with the amount of any tax increase imposed under section 25 or 26 of this chapter to provide additional homestead credits as provided in those provisions.

(g) This subsection applies to a county that:

(1) initially imposed the county economic development income tax; or

(2) increases the county economic development income rate;

under this chapter in the same calendar year in which the department makes a certification under this section. The department, after reviewing the recommendation of the budget agency, shall adjust the certified distribution of a county to provide for a distribution in the immediately following calendar year and in each calendar year thereafter. The department shall provide for a full transition to certification of distributions as provided in subsection (b)(1) through (b)(2) in the manner provided in subsection (c).

SECTION 23. IC 6-3.5-7-18 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2009]: Sec. 18. (a) Except as otherwise provided in this chapter, all provisions of the adjusted gross income tax law (IC 6-3) concerning:

(1) definitions;

(2) declarations of estimated tax;

(3) filing of returns;

(4) remittances;

(5) incorporation of the provisions of the Internal Revenue Code;

(6) penalties and interest;

(7) exclusion of military pay credits for withholding; and

(8) exemptions and deductions;

apply to the imposition, collection, and administration of the tax imposed by this chapter.

(b) The provisions of ~~IC~~ IC 6-3-1-3.5(a)(6), IC 6-3-3-3, IC 6-3-3-5, and IC 6-3-5-1 do not apply to the tax imposed by this chapter.

(c) Notwithstanding subsections (a) and (b), each employer shall report to the department the amount of withholdings attributable to each county. This report shall be submitted **to the department:**

(1) each time the employer remits to the department the tax that is withheld; and

(2) annually along with the employer's annual withholding report.

SECTION 24. IC 6-3.5-8-22 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2009]: Sec. 22. (a) Except as otherwise provided in this chapter, all provisions of the adjusted gross income tax law (IC 6-3) concerning:

(1) definitions;

(2) declarations of estimated tax;
(3) filing of returns;
(4) remittances;
(5) incorporation of the provisions of the Internal Revenue Code;
(6) penalties and interest;
(7) exclusion of military pay credits for withholding; and
(8) exemptions and deductions;

apply to the imposition, collection, and administration of the municipal option income tax. The municipal option income tax is a listed tax and an income tax for purposes of IC 6-8.1.

(b) The provisions of IC 6-3-1-3.5(a)(5), IC 6-3-3-3, IC 6-3-3-5, and IC 6-3-5-1 do not apply to the municipal option income tax.

(c) Each employer shall report to the department the amount of withholdings attributable to each municipality. This report shall ~~annually~~ be submitted **to the department:**

(1) each time the employer remits to the department the tax that is withheld; and

(2) annually with the employer's **annual** withholding report.

SECTION 25. IC 6-7-1-17, AS AMENDED BY P.L.218-2007, SECTION 3, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2008]: Sec. 17. (a) Distributors who hold certificates and retailers shall be agents of the state in the collection of the taxes imposed by this chapter and the amount of the tax levied, assessed, and imposed by this chapter on cigarettes sold, exchanged, bartered, furnished, given away, or otherwise disposed of by distributors or to retailers. Distributors who hold certificates shall be agents of the department to affix the required stamps and shall be entitled to purchase the stamps from the department at a discount of one and two-tenths cents ($0.012) per individual package of cigarettes as compensation for their labor and expense.

(b) The department may permit distributors who hold certificates and who are admitted to do business in Indiana to pay for revenue stamps within thirty (30) days after the date of purchase. However, the privilege is extended upon the express condition that:

(1) except as provided in subsection (c), a bond or letter of credit satisfactory to the department, in an amount not less than the sales price of the stamps, is filed with the department; ~~and~~

(2) proof of payment is made of all ~~local~~ property **taxes,** ~~state income,~~ ~~and~~ excise taxes, **and listed taxes (as defined in IC 6-8.1-1-1)** for which any such distributor may be liable; **and**

(3) payment for the revenue stamps must be made by electronic funds transfer (as defined in IC 4-8.1-2-7).

The bond or letter of credit, conditioned to secure payment for the stamps, shall be executed by the distributor as principal and by a corporation duly authorized to engage in business as a surety company or financial institution in Indiana.

(c) If a distributor has at least five (5) consecutive years of good credit standing with the state, the distributor shall not be required to post a bond or letter of credit under subsection (b).

SECTION 26. IC 6-8.1-7-1, AS AMENDED BY P.L.219-2007, SECTION 92, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2008]: Sec. 1. (a) This subsection does not apply to the disclosure of information concerning a conviction on a tax evasion charge. Unless in accordance with a judicial order or as otherwise provided in this chapter, the department, its employees, former employees, counsel, agents, or any other person may not divulge the amount of tax paid by any taxpayer, terms of a settlement agreement executed between a taxpayer and the department, investigation records, investigation reports, or any other information disclosed by the reports filed under the provisions of the law relating to any of the listed taxes, including required information derived from a federal return, except to:

(1) members and employees of the department;

(2) the governor;

(3) the attorney general or any other legal representative of the state in any action in respect to the amount of tax due under the provisions of the law relating to any of the listed taxes; or

(4) any authorized officers of the United States;

when it is agreed that the information is to be confidential and to be used solely for official purposes.

(b) The information described in subsection (a) may be revealed upon the receipt of a certified request of any designated officer of the state tax department of any other state, district, territory, or possession of the United States when:

(1) the state, district, territory, or possession permits the exchange of like information with the taxing officials of the state; and

(2) it is agreed that the information is to be confidential and to be used solely for tax collection purposes.

(c) The information described in subsection (a) relating to a person on public welfare or a person who has made application for public welfare may be revealed to the director of the division of family resources, and to any director of a county office of family and children located in Indiana, upon receipt of a written request from either director for the information. The information shall be treated as confidential by the directors. In addition, the information described in subsection (a)

relating to a person who has been designated as an absent parent by the state Title IV-D agency shall be made available to the state Title IV-D agency upon request. The information shall be subject to the information safeguarding provisions of the state and federal Title IV-D programs.

(d) The name, address, Social Security number, and place of employment relating to any individual who is delinquent in paying educational loans owed to a postsecondary educational institution may be revealed to that institution if it provides proof to the department that the individual is delinquent in paying for educational loans. This information shall be provided free of charge to approved postsecondary educational institutions (as defined by IC 21-7-13-6(a)). The department shall establish fees that all other institutions must pay to the department to obtain information under this subsection. However, these fees may not exceed the department's administrative costs in providing the information to the institution.

(e) The information described in subsection (a) relating to reports submitted under IC 6-6-1.1-502 concerning the number of gallons of gasoline sold by a distributor and IC 6-6-2.5 concerning the number of gallons of special fuel sold by a supplier and the number of gallons of special fuel exported by a licensed exporter or imported by a licensed transporter may be released by the commissioner upon receipt of a written request for the information.

(f) The information described in subsection (a) may be revealed upon the receipt of a written request from the administrative head of a state agency of Indiana when:

(1) the state agency shows an official need for the information; and

(2) the administrative head of the state agency agrees that any information released will be kept confidential and will be used solely for official purposes.

(g) The information described in subsection (a) may be revealed upon the receipt of a written request from the chief law enforcement officer of a state or local law enforcement agency in Indiana, when it is agreed that the information is to be confidential and to be used solely for official purposes.

~~(g)~~ **(h)** The name and address of retail merchants, including township, as specified in IC 6-2.5-8-1(j) may be released solely for tax collection purposes to township assessors and county assessors.

~~(h)~~ **(i)** The department shall notify the appropriate innkeepers' tax board, bureau, or commission that a taxpayer is delinquent in remitting innkeepers' taxes under IC 6-9.

~~(i)~~ **(j)** All information relating to the delinquency or evasion of the motor vehicle excise tax may be disclosed to the bureau of motor vehicles in Indiana and may be disclosed to another state, if the information is disclosed for the purpose of the enforcement and collection of the taxes imposed by IC 6-6-5.

~~(j)~~ **(k)** All information relating to the delinquency or evasion of commercial vehicle excise taxes payable to the bureau of motor vehicles in Indiana may be disclosed to the bureau and may be disclosed to another state, if the information is disclosed for the purpose of the enforcement and collection of the taxes imposed by IC 6-6-5.5.

~~(k)~~ **(l)** All information relating to the delinquency or evasion of commercial vehicle excise taxes payable under the International Registration Plan may be disclosed to another state, if the information is disclosed for the purpose of the enforcement and collection of the taxes imposed by IC 6-6-5.5.

~~(l)~~ **(m)** This section does not apply to:

(1) the beer excise tax (IC 7.1-4-2), **including information such as brands, supplies, distributors, or package types that is information necessary for industry statistical analysis;**

(2) the liquor excise tax (IC 7.1-4-3);

(3) the wine excise tax (IC 7.1-4-4);

(4) the hard cider excise tax (IC 7.1-4-4.5);

(5) the malt excise tax (IC 7.1-4-5);

(6) the motor vehicle excise tax (IC 6-6-5);

(7) the commercial vehicle excise tax (IC 6-6-5.5); and

(8) the fees under IC 13-23.

~~(m)~~ **(n)** The name and business address of retail merchants within each county that sell tobacco products may be released to the division of mental health and addiction and the alcohol and tobacco commission solely for the purpose of the list prepared under IC 6-2.5-6-14.2.

SECTION 27. IC 6-8.1-10-3.5 IS ADDED TO THE INDIANA CODE AS A **NEW** SECTION TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2009]: **Sec. 3.5. If a person fails to file a return on or before the due date as required by IC 6-3-4-1(1) or IC 6-3-4-1(2), where no remittance is due with the return, the person is subject to a penalty of ten dollars ($10) per day for each day that the return is past due, up to a maximum of five hundred dollars ($500).**

SECTION 28. IC 6-8.1-10-5 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2008]: Sec. 5. (a) If a person makes a tax payment with a check, **credit card, debit card, or electronic**

funds transfer, and the department is unable to obtain payment on the check, **credit card, debit card, or electronic funds transfer** for its full face amount when the check, **credit card, debit card, or electronic funds transfer** is presented for payment through normal banking channels, a penalty of ten percent (10%) of the unpaid tax or the ~~face~~ value of the check, **credit card, debit card, or electronic funds transfer,** whichever is smaller, is imposed.

(b) When a penalty is imposed under subsection (a), the department shall notify the person by mail that the check, **credit card, debit card, or electronic funds transfer** was not honored and that the person has ten (10) days after the date the notice is mailed to pay the tax and the penalty either in cash, by certified check, or other guaranteed payment. If the person fails to make the payment within the ten (10) day period, the penalty is increased to one hundred percent (100%) multiplied by the ~~face~~ value of the check, **credit card, debit card, or electronic funds transfer,** or the unpaid tax, whichever is smaller.

(c) If the person subject to the penalty under this section can show that there is reasonable cause for the check, **credit card, debit card, or electronic funds transfer** not being honored, the department may waive the penalty imposed under this section.

SECTION 29. IC 8-23-28 IS ADDED TO THE INDIANA CODE AS A **NEW** CHAPTER TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2008]:

Chapter 28. Funding to Establish a Regional Transportation Authority

Sec. 1. The regional transportation authority formation fund is established.

Sec. 2. The department shall administer the fund.

Sec. 3. Expenditures from the fund may be made only in accordance with this chapter.

Sec. 4. The department may use the money in the fund to provide matching grants to cities or counties that wish to establish a regional transportation authority under IC 36-9-3. The expenses in administering the fund and the grants shall be paid from the money in the fund.

Sec. 5. The amount of a grant provided under this chapter may not exceed twenty percent (20%) of the costs incurred by a city or county in establishing a regional transportation authority under IC 36-9-3.

Sec. 6. Each grant provided under this chapter must be matched by funds provided by the city or county applying for the grant under this chapter. The matching funds required by a city or

county may be provided by any source except other state funds.

Sec. 7. A city or county must apply for a grant under this chapter in the manner prescribed by the department.

Sec. 8. (a) Money in the fund at the end of a state fiscal year does not revert to the state general fund.

(b) The treasurer of state shall invest the money in the fund not currently needed to meet the obligations of the fund in the same manner as other public money may be invested. Interest that accrues from these investments shall be deposited in the fund to be used for any purpose for which funds may be used under this chapter.

Sec. 9. The fund consists of the following:

(1) Funds deposited by regional transit authorities under IC 36-9-42.

(2) Money received from any other source, including appropriations.

Sec. 10. The department shall notify all regional transit authorities (as defined in IC 36-9-42) when the total of all deposits by the regional transit authorities under IC 36-9-42 has reached one million dollars ($1,000,000).

SECTION 30. IC 9-17-2-3 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2008]: Sec. 3. (a) The form described under section 2 of this chapter must include the following printed statement:

"I swear or affirm that the information I have entered on this form is correct. I understand that making a false statement on this form may constitute the crime of perjury.".

(b) The person applying for the certificate of title must sign the form directly below the printed statement.

(c) The form described under section 2 of this chapter must include the statement required by IC 9-17-3-3.2.

SECTION 31. IC 9-17-3-3 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2008]: Sec. 3. (a) If a vehicle for which a certificate of title has been issued is sold or if the ownership of the vehicle is otherwise transferred, the person who holds the certificate of title must do the following:

(1) Endorse on the certificate of title an assignment of the certificate of title with warranty of title, in a form printed on the certificate of title, with a statement describing all liens or encumbrances on the vehicle.

(2) Except as provided in subdivisions ~~(3) and~~ (4) **and (5),** deliver the certificate of title to the purchaser or transferee at the time of

the sale or delivery to the purchaser or transferee of the vehicle, if the purchaser or transferee has made all agreed upon initial payments for the vehicle, including delivery of a trade-in vehicle without hidden or undisclosed statutory liens.

(3) Unless the vehicle is being sold or transferred to a dealer licensed under IC 9-23-2, complete all information concerning the purchase on the certificate of title, including, but not limited to:

(A) the name and address of the purchaser; and

(B) the sale price of the vehicle.

~~(3)~~ **(4)** In the case of a sale or transfer between vehicle dealers licensed by this state or another state, deliver the certificate of title within twenty-one (21) days after the date of the sale or transfer.

~~(4)~~ **(5)** Deliver the certificate of title to the purchaser or transferee within twenty-one (21) days after the date of sale or transfer to the purchaser or transferee of the vehicle, if all of the following conditions exist:

(A) The seller or transferor is a vehicle dealer licensed by the state under IC 9-23.

(B) The vehicle dealer is not able to deliver the certificate of title at the time of sale or transfer.

(C) The vehicle dealer reasonably believes that it will be able to deliver the certificate of title, without a lien or an encumbrance on the certificate of title, within the twenty-one (21) day period.

(D) The vehicle dealer provides the purchaser or transferee with an affidavit under section 3.1 of this chapter.

(E) The purchaser or transferee has made all agreed upon initial payments for the vehicle, including delivery of a trade-in vehicle without hidden or undisclosed statutory liens.

(b) A licensed dealer may offer for sale a vehicle for which the dealer does not possess a certificate of title, if the dealer can comply with subsection ~~(a)(3)~~ **(a)(4)** or ~~(a)(4)~~ **(a)(5)** at the time of the sale.

(c) A vehicle dealer who fails to deliver a certificate of title within the time specified under this section is subject to the following civil penalties:

(1) One hundred dollars ($100) for the first violation.

(2) Two hundred fifty dollars ($250) for the second violation.

(3) Five hundred dollars ($500) for all subsequent violations.

Payment shall be made to the bureau and deposited in the state general fund. In addition, if a purchaser or transferee does not receive a valid

certificate of title within the time specified by this section, the purchaser or transferee shall have the right to return the vehicle to the vehicle dealer ten (10) days after giving the vehicle dealer written notice demanding delivery of a valid certificate of title and the dealer's failure to deliver a valid certificate of title within that ten (10) day period. Upon return of the vehicle to the dealer in the same or similar condition as delivered to the purchaser or transferee under this section, the vehicle dealer shall pay to the purchaser or transferee the purchase price plus sales taxes, finance expenses, insurance expenses, and any other amount paid to the dealer by the purchaser.

(d) For purposes of this subsection, "timely deliver", with respect to a third party, means to deliver to the purchaser or transferee with a postmark dated or hand delivered not more than ten (10) business days after there is no obligation secured by the vehicle. If the dealer's inability to timely deliver a valid certificate of title results from the acts or omissions of a third party who has failed to timely deliver a valid certificate of title to the dealer, the dealer is entitled to claim against the third party one hundred dollars ($100). If:

(1) the dealer's inability to timely deliver a valid certificate of title results from the acts or omissions of a third party who has failed to timely deliver the certificate of title in the third party's possession to the dealer; and

(2) the failure continues for ten (10) business days after the dealer gives the third party written notice of the failure;

the dealer is entitled to claim against the third party all damages sustained by the dealer in rescinding the dealer's sale with the purchaser or transferee, including the dealer's reasonable attorney's fees.

(e) If a vehicle for which a certificate of title has been issued by another state is sold or delivered, the person selling or delivering the vehicle must deliver to the purchaser or receiver of the vehicle a proper certificate of title with an assignment of the certificate of title in a form prescribed by the bureau.

(f) The original certificate of title and all assignments and subsequent reissues of the certificate of title shall be retained by the bureau and appropriately classified and indexed in the most convenient manner to trace title to the vehicle described in the certificate of title.

(g) A dealer shall make payment to a third party to satisfy any obligation secured by the vehicle within five (5) days after the date of sale.

SECTION 32. IC 9-17-3-3.1 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2008]: Sec. 3.1. The affidavit

required by ~~IC 9-17-3-3(a)(4)~~ **IC 9-17-3-3(a)(5)** shall be printed in the following form:

STATE OF
INDIANA)
) ss:
COUNTY OF _____)

I affirm under the penalties for perjury that all of the following are true:

(1) That I am a dealer licensed under IC 9-23-1.

(2) That I cannot deliver a valid certificate of title to the retail purchaser of the vehicle described in paragraph (3) at the time of sale of the vehicle to the retail purchaser. The identity of the previous seller or transferor is _____. Payoff of lien was made on (date)_____. I expect to deliver a valid and transferable certificate of title not later than (date)_____ from the (State of)_____ to the purchaser.

(3) That I will undertake reasonable commercial efforts to produce the valid certificate of title. The vehicle identification number is _____.

Signed _____, Dealer

By_____

Dated _____, ____

CUSTOMER ACKNOWLEDGES RECEIPT OF A COPY OF THIS AFFIDAVIT.

_____

Customer Signature

NOTICE TO THE CUSTOMER

If you do not receive a valid certificate of title within the time specified by this affidavit, you have the right to return the vehicle to the vehicle dealer ten (10) days after giving the vehicle dealer written notice demanding delivery of a valid certificate of title and after the vehicle dealer's failure to deliver a valid certificate of title within that ten (10) day period. Upon return of the vehicle to the vehicle dealer in the same or similar condition as when it was delivered to you, the vehicle dealer shall pay you the purchase price plus sales taxes, finance expenses, insurance expenses, and any other amount that you paid to the vehicle dealer.

If a lien is present on the previous owner's certificate of title, it is the responsibility of the third party lienholder to timely deliver the certificate of title in the third party's possession to the dealer not more

than ten (10) business days after there is no obligation secured by the vehicle. If the dealer's inability to deliver a valid certificate of title to you within the above-described ten (10) day period results from the acts or omissions of a third party who has failed to timely deliver the certificate of title in the third party's possession to the dealer, the dealer may be entitled to claim against the third party the damages allowed by law.

SECTION 33. IC 9-17-3-3.2 IS ADDED TO THE INDIANA CODE AS A **NEW** SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2008]: **Sec. 3.2. The form furnished by the bureau under IC 9-17-2-2 must contain the following language immediately below the signature of the seller:**

"If this vehicle is sold or transferred to a person other than a dealer licensed in Indiana, the seller or transferor is required to fill in all blanks relating to buyer information, including the sale price. The knowing or intentional failure of the seller or transferor to fill in all buyer information is a Class A misdemeanor or a Class D felony for the second or subsequent offense under IC 9-17-3-7(c)(2).".

SECTION 34. IC 9-17-3-7 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2008]: Sec. 7. (a) This section does not apply to section 5 of this chapter.

(b) Except as provided in subsection (c), a person who violates this chapter commits a Class C infraction.

(c) A person who **knowingly or intentionally** violates: ~~section 3~~

(1) section 3(a)(1), 3(a)(2), 3(a)(4), or 3(a)(5) of this chapter commits a Class B misdemeanor; **or**

(2) section 3(a)(3) of this chapter commits a:

(A) Class A misdemeanor for the first violation; and

(B) Class D felony for the second and any subsequent violation.

SECTION 35. IC 36-7-26-1 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2008]: Sec. 1. This chapter applies to the following:

(1) A city having a population of more than seventy-five thousand (75,000) but less than ninety thousand (90,000).

(2) A city having a population of more than one hundred five thousand (105,000) but less than one hundred twenty thousand (120,000).

(3) A city having a population of more than one hundred fifty thousand (150,000) but less than five hundred thousand (500,000).

(4) A city having a population of more than one hundred twenty thousand (120,000) but less than one hundred fifty thousand (150,000).

(5) A county having a population of more than fifty thousand (50,000) but less than fifty-five thousand (55,000).

SECTION 36. IC 36-7-26-2 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2008]: Sec. 2. (a) Present economic conditions in certain areas of certain cities are stagnant or deteriorating.

(b) Present economic conditions in such areas are beyond remedy and control by existing regulatory processes because of the substantial public financial commitments necessary to encourage significant increases in economic activities in such areas.

(c) Economic development of certain reclaimed coal land near the Blue Grass Fish and Wildlife Area and Interstate Highway 164 is vital for a county described in section 1(5) of this chapter.

~~(c)~~ **(d)** Encouraging economic development in these areas will:

(1) attract new businesses and encourage existing business to remain or expand;

(2) increase temporary and permanent employment opportunities and private sector investment;

(3) protect and increase state and local tax bases; and

(4) encourage overall economic growth in Indiana.

~~(d)~~ **(e)** Redevelopment and stimulation of economic development benefit the health and welfare of the people of Indiana, are public uses and purposes for which the public money may be spent, and are of public utility and benefit.

~~(e)~~ **(f)** Economic development in such areas can be accomplished only by a coordinated effort of local and state governments.

~~(f)~~ **(g)** This chapter shall be liberally construed to carry out the purposes of this chapter and to provide **the county and** cities with maximum flexibility to accomplish those purposes.

SECTION 37. IC 36-7-26-3 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2008]: Sec. 3. As used in this chapter, "adjustment factor" means the amount, stated as a percentage, that the:

(1) board, **for a city described in section 1(1), 1(2), 1(3), or 1(4) of this chapter; or**

(2) corporation, for a county described in section 1(5) of this chapter;

determines under section 22 of this chapter should be applied in determining the district's net increment. However, the adjustment factor may not exceed eighty percent (80%).

SECTION 38. IC 36-7-26-6.5 IS ADDED TO THE INDIANA CODE AS A **NEW** SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2008]: **Sec. 6.5. As used in this chapter, "corporation" refers to the Indiana economic development corporation.**

SECTION 39. IC 36-7-26-8 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2008]: Sec. 8. **(a) Except as provided by subsection (b),** as used in this chapter, "district" refers to an economic development project district established under this chapter.

(b) For a county described in section 1(5) of this chapter, "district" refers to an economic development project district established under this chapter that is located completely or in part on reclaimed coal land near the Blue Grass Fish and Wildlife Area and Interstate Highway 164. However, the economic development project district may not be within a distance of one hundred (100) yards of the Blue Grass Fish and Wildlife Area.

SECTION 40. IC 36-7-26-13 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2008]: Sec. 13. In addition to the powers and duties set forth in any other statute, a commission, the department, **the corporation,** and the board have the powers and duties set forth in this chapter.

SECTION 41. IC 36-7-26-16 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2008]: Sec. 16. (a) **Except as provided in subsection (b),** upon adoption of a resolution designating a district under section 15 of this chapter, the commission shall submit the resolution to the board for approval. In submitting the resolution to the board, the commission shall deliver to the board:

(1) the data required under section 14 of this chapter;

(2) the information concerning the proposed redevelopment and economic development of the proposed district; and

(3) the proposed utilization of the revenues to be received under section 23 of this chapter.

This information may be modified from time to time after the initial submission. The commission shall provide to the board any additional information that the board may request from time to time.

(b) This subsection applies to a county described in section 1(5) of this chapter. Upon adoption of a resolution designating a district under section 15 of this chapter, the commission shall submit the resolution to the fiscal body and the county commissioners of the county for ratification and then shall submit the resolution to the corporation for approval. In submitting the resolution to the

corporation, the commission shall deliver to the corporation:

(1) the data required under section 14 of this chapter;

(2) the information concerning the proposed redevelopment and economic development of the proposed district; and

(3) the proposed use of the revenues to be received under section 23 of this chapter.

This information may be modified periodically after the initial submission. The commission shall provide to the corporation any additional information that the corporation requests.

~~(b)~~ **(c)** Upon adoption of a resolution designating a district under section 15 of this chapter, and upon approval of the resolution by the board under subsection (a) **or the corporation under subsection (b),** the commission shall publish (in accordance with IC 5-3-1) notice of the adoption and ~~purport~~ **purpose** of the resolution and of the hearing to be held. The notice must provide a general description of the boundaries of the district and state that information concerning the district can be inspected at the commission's office. The notice must also contain a date when the commission will hold a hearing to receive and hear remonstrances and other testimony from persons interested in or affected by the establishment of the district. All affected persons, including all persons or entities owning property or doing business in the district, shall be considered notified of the pendency of the hearing and of subsequent acts, hearings, adjournments, and resolutions of the commission by the notice given under this section.

SECTION 42. IC 36-7-26-20 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2008]: Sec. 20. **(a) Except as provided in subsection (b),** the determination of the commission to create a district under this chapter, after approval by the board, must be approved by ordinance of the legislative body of the city.

(b) For a county described in section 1(5) of this chapter, the determination of the commission to create a district under this chapter, after approval by the corporation, must be approved by ordinance of the fiscal body of the county.

SECTION 43. IC 36-7-26-21 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2008]: Sec. 21. **(a) Except as provided in subsection (b),** after the approval of the creation of the district under section 20 of this chapter, the commission shall transmit to the board for delivery to the department the following:

(1) A certified copy of the resolution designating the district, as confirmed by the commission.

(2) A complete list of street names and the range of street numbers of each street situated within the district.

(b) This subsection applies to a county described in section 1(5) of this chapter. After the approval of the creation of the district under section 20 of this chapter, the commission shall transmit to the corporation for delivery to the department the following:

(1) A certified copy of the resolution designating the district, as confirmed by the commission.

(2) A complete list of street names and the range of street numbers of each street located within the district.

SECTION 44. IC 36-7-26-22 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2008]: Sec. 22. (a) **Except as provided in subsection (b),** within sixty (60) days after receipt from the commission of the information transmitted under section 21 of this chapter the board shall do the following:

(1) Request that the department determine the base period amount. The department shall certify the base period amount to the board, and the board shall transmit the certification to the commission.

(2) Determine the adjustment factor. The adjustment factor must account for the portion of the incremental state gross retail and use tax revenues attributable to investment in the district and resulting from the redevelopment and economic development project. The adjustment factor may not be decreased after the factor is determined by the board.

(b) This subsection applies to a county described in section 1(5) of this chapter. Within sixty (60) days after receipt from the commission of the information transmitted under section 21 of this chapter, the corporation shall do the following:

(1) Request that the department determine the base period amount. The department shall certify the base period amount to the corporation, and the corporation shall transmit the certification to the commission.

(2) Determine the adjustment factor. The adjustment factor must account for the part of the incremental state gross retail and use tax revenues attributable to investment in the district and resulting from the redevelopment and economic development project. The adjustment factor may not be decreased after the factor is determined by the corporation.

~~(b)~~ **(c)** If a business that operates or did operate in the district also has or had one (1) or more other places of business operating in Indiana but outside the district, the business shall, in the manner and for the periods of time requested by the department, certify to the department the amount of taxes remitted by the business under IC 6-2.5 for the

business's places of operation that are or were in the district.

SECTION 45. IC 36-7-26-23 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2008]: Sec. 23. (a) Before the first business day in October of each year, the board, **or the corporation for a county described in section 1(5) of this chapter,** shall require the department to calculate the net increment for the preceding state fiscal year. The department shall transmit to the board, **or the corporation for a county described in section 1(5) of this chapter,** a statement as to the net increment in sufficient time to permit the board **or the corporation** to review the calculation and permit the transfers required by this section to be made on a timely basis.

(b) There is established a sales tax increment financing fund to be administered by the treasurer of state. The fund is comprised of two (2) accounts called the net increment account and the credit account.

(c) On the first business day in October of each year, that portion of the net increment calculated under subsection (a) that is needed:

(1) to pay debt service on the bonds issued under section 24 of this chapter or to pay lease rentals under section 24 of this chapter; and

(2) to establish and maintain a debt service reserve established by the commission or by a lessor that provides local public improvements to the commission;

shall be transferred to and deposited in the fund and credited to the net increment account. Money credited to the net increment account is pledged to the purposes described in subdivisions (1) and (2), subject to the other provisions of this chapter.

(d) On the first business day of October in each year, the remainder of:

(1) eighty percent (80%) of the gross increment; minus

(2) the amount credited to the net increment account on the same date;

shall be transferred and credited to the credit account.

(e) The remainder of:

(1) the gross increment; minus

(2) the amounts credited to the net increment account and the credit account;

shall be deposited by the auditor of state as other gross retail and use taxes are deposited.

(f) A city described in section 1(2), 1(3), or 1(4) of this chapter may receive not more than fifty percent (50%) of the net increment each year. During the time a district exists in a city described in section 1(3) or 1(4) of this chapter, not more than a total of one million dollars

($1,000,000) of net increment may be paid to the city described in section 1(3) or 1(4) of this chapter. During each year that a district exists in a city described in section 1(2) of this chapter, not more than one million dollars ($1,000,000) of net increment may be paid to the city described in section 1(2) of this chapter.

(g) The auditor of state shall disburse all money in the fund that is credited to the net increment account to the commission in equal semiannual installments on November 30 and May 31 of each year.

SECTION 46. IC 36-7-26-24 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2008]: Sec. 24. (a) The commission may issue bonds, payable in whole or in part, from money distributed from the fund to the commission, to finance a local public improvement under IC 36-7-14-25.1 or may make lease rental payments for a local public improvement under IC 36-7-14-25.2 and IC 36-7-14-25.3. The term of any bonds issued under this section may not exceed ~~twenty (20)~~ **twenty-five (25)** years, nor may the term of any lease agreement entered into under this section exceed ~~twenty (20)~~ **twenty-five (25)** years. The commission shall transmit to the board, **or the corporation for a county described in section 1(5) of this chapter,** a transcript of the proceedings with respect to the issuance of the bonds or the execution and delivery of a lease agreement as contemplated by this section. The transcript must include a debt service or lease rental schedule setting forth all payments required in connection with the bonds or the lease rentals.

(b) On January 15 of each year, the commission shall remit to the treasurer of state the money disbursed from the fund that is credited to the net increment account that exceeds the amount needed to pay debt service or lease rentals and to establish and maintain a debt service reserve under this chapter in the prior year and before May 31 of that year. Amounts remitted under this subsection shall be deposited by the auditor of state as other gross retail and use taxes are deposited.

(c) The commission in a city described in section 1(2) of this chapter may distribute money from the fund only for the following:

(1) Road, interchange, and right-of-way improvements.

(2) Acquisition costs of a commercial retail facility and for real property acquisition costs in furtherance of the road, interchange, and right-of-way improvements.

(3) Demolition of commercial property and any related expenses incurred before or after the demolition of the commercial property.

(4) For physical improvements or alterations of property that enhance the commercial viability of the district.

(d) The commission in a city described in section 1(3) of this chapter may distribute money from the fund only for the following purposes:

(1) For road, interchange, and right-of-way improvements and for real property acquisition costs in furtherance of the road, interchange, and right-of-way improvements.

(2) For the demolition of commercial property and any related expenses incurred before or after the demolition of the commercial property.

(e) The commission in a city described in section 1(4) of this chapter may distribute money from the fund only for the following purposes:

(1) For:

(A) the acquisition, demolition, and renovation of property; and

(B) site preparation and financing;

related to the development of housing in the district.

(2) For physical improvements or alterations of property that enhance the commercial viability of the district.

(f) The commission in a county described in section 1(5) of this chapter may distribute money from the fund for the following district project costs associated with the development or redevelopment of the district:

(1) The total cost of acquisition of all land, rights-of-way, and other property to be acquired, developed, or redeveloped for the project.

(2) Site preparation, including utilities and infrastructure.

(3) Costs associated with the construction or establishment of a multisport athletic complex that is owned or leased by an entity that is exempt from income taxation under Section 501(c)(3) of the Internal Revenue Code.

(4) Costs associated with the construction or establishment of a museum and education complex that is owned or leased by an entity that is exempt from income taxation under Section 501(c)(3) of the Internal Revenue Code.

(5) Road, interchange, and right-of-way improvements.

(6) Public parking facilities.

(7) All reasonable and necessary architectural, engineering, legal, financing, accounting, advertising, bond discount, and supervisory expenses related to the acquisition and development or redevelopment of the property or the issuance of bonds.

(8) Debt service, lease payments, capitalized interest, or debt service reserve for the bonds to the extent the commission determines that a reserve is reasonably required.

SECTION 47. IC 36-7-26-25 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2008]: Sec. 25. **This section does not apply to a county described in section 1(5) of this chapter.** The board may not approve a resolution under section 16 of this chapter until the board has satisfied itself that the city in which the proposed district will be established has maximized the use of tax increment financing under IC 36-7-14 or IC 36-7-14.5 to finance public improvements within or serving the proposed district, subject to the granting of an additional credit under IC 36-7-14-39.5. The city may not grant property tax abatements to the taxpayers within the proposed district or a district, except that the board may approve a resolution under section 16 of this chapter in the proposed district or a district in which real property tax abatement not to exceed three (3) years has been granted.

SECTION 48. IC 36-7-26-26 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2008]: Sec. 26. **(a) Except as provided by subsection (b),** to the extent prescribed by the board, and subject to the terms and conditions established by the board, any money credited to the credit account may be used by the commission, and, if desired by the board, irrevocably pledged by the board, to further secure bonds or a lease agreement issued or entered into under this chapter. Further security includes the following:

(1) Holding money in the credit account and pledging sums to payment of debt service on bonds issued under or lease rentals payable under this chapter, or maintenance of debt service reserves.

(2) Transferring money from the credit account to the net increment account or, if desired by the board, to the commission to enable the commission to finance local public improvements.

(3) Payment of bond insurance premiums or other credit enhancement fees and expenses.

(b) This subsection applies to a county described in section 1(5) of this chapter. To the extent prescribed by the corporation, and subject to the terms and conditions established by the corporation, any money credited to the credit account may be used by the commission and, if desired by the corporation, irrevocably pledged by the corporation to further secure bonds or a lease agreement issued or entered into under this chapter. Further security includes the following:

(1) Holding money in the credit account and pledging sums to payment of debt service on bonds issued under or lease rentals payable under this chapter, or maintenance of debt service reserves.

(2) Transferring money from the credit account to the net increment account or, if desired by the corporation, to the commission to enable the commission to finance local public improvements.

(3) Payment of bond insurance premiums or other credit enhancement fees and expenses.

SECTION 49. IC 36-8-8-8.3 IS ADDED TO THE INDIANA CODE AS A **NEW** SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2008]: **Sec. 8.3. (a) If the requirements of subsection (b) are satisfied, a fund member who:**

(1) completes at least one (1) year of active service for which the 1977 fund gives credit;

(2) serves on active duty in the armed services of the United States for at least six (6) months;

(3) receives an honorable discharge from the armed services;

(4) is not entitled to receive a benefit from the armed services of the United States or another governmental retirement system for the active duty service; and

(5) has not received credit in the 1977 fund for the active duty service under another section of this chapter;

is entitled to service credit in the 1977 fund in an amount equal to the length of the fund member's military service. However, not more than six (6) years of service credit in the 1977 fund may be granted under this section. The service credit granted under this section may be used only in the computation of benefits to be paid after June 30, 2008, and only after the PERF board determines that the fund member is eligible for the service credit in the 1977 fund.

(b) A fund member is entitled to receive service credit in the 1977 fund for the active duty service described in subsection (a) if:

(1) the fund member pays in a lump sum or in a series of payments determined by the PERF board, not to exceed five (5) annual payments, the amount the fund member would have contributed to the 1977 fund, if the fund member had been a member of the 1977 fund during the active duty service; and

(2) the fund member's employer contributes to the 1977 fund the amount the PERF board determines necessary to amortize

the active duty service liability over a period determined by the PERF board, but not more than ten (10) years.

(c) An amortization schedule for contributions paid under subsection (b)(1) or (b)(2) must include interest at a rate determined by the PERF board.

(d) A fund member who:

(1) terminates service before satisfying the requirements for eligibility to receive a retirement benefit payment from the 1977 fund; or

(2) receives a retirement benefit for the same service from another retirement system, other than under the federal Social Security Act;

may withdraw the fund member's contributions made under this section plus accumulated interest after submitting to the 1977 fund a properly completed application for a refund.

(e) The following apply to the granting of service credit in the 1977 fund under this section:

(1) The PERF board may not grant credit for the service if doing so would exceed the limitations set forth in Section 415 of the Internal Revenue Code.

(2) A fund member may not claim the service credit for purposes of determining eligibility or computing benefits unless the fund member has made all payments required under subsection (b)(1).

(f) To the extent permitted by the Internal Revenue Code and applicable regulations, the 1977 fund may accept, on behalf of a fund member who is purchasing service credit under this section, a rollover of a distribution from any of the following:

(1) A qualified plan described in Section 401(a) or Section 403(a) of the Internal Revenue Code.

(2) An annuity contract or account described in Section 403(b) of the Internal Revenue Code.

(3) An eligible plan that is maintained by a state, a political subdivision of a state, or an agency or instrumentality of a state or political subdivision of a state under Section 457(b) of the Internal Revenue Code.

(4) An individual retirement account or annuity described in Section 408(a) or 408(b) of the Internal Revenue Code.

(g) To the extent permitted by the Internal Revenue Code and the applicable regulations, the 1977 fund may accept, on behalf of a fund member who is purchasing service credit under this section, a trustee to trustee transfer from any of the following:

(1) An annuity contract or account described in Section 403(b) of the Internal Revenue Code.

(2) An eligible deferred compensation plan under Section 457(b) of the Internal Revenue Code.

(h) Notwithstanding any provision in this section, a fund member is entitled to service credit and benefits in the amount and to the extent required by the federal Uniformed Services Employment and Reemployment Rights Act (38 U.S.C. 4301 et seq.), including all later amendments.

(i) Before implementing this section, the PERF board may request from the Internal Revenue Service any rulings or determination letters that the PERF board considers necessary or appropriate.

SECTION 50. IC 36-8-8-8.5 IS ADDED TO THE INDIANA CODE AS A **NEW** SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2008]: **Sec. 8.5. (a) This section applies to a fund member who, after June 30, 2008, completes active service for which the 1977 fund gives credit.**

(b) A fund member may purchase not more than two (2) years of service credit for the fund member's service on active duty in the armed services of the United States if the fund member meets the following conditions:

(1) The fund member has at least one (1) year of active service for which the 1977 fund gives credit.

(2) The fund member serves on active duty in the armed services of the United States for at least six (6) months.

(3) The fund member receives an honorable discharge from the armed services.

(4) Before the fund member applies to receive a retirement benefit payment, the fund member makes contributions to the 1977 fund as follows:

(A) Contributions that are equal to the product of the following:

(i) The salary of a first class patrolman or firefighter at the time the fund member actually makes a contribution for the service credit.

(ii) A rate, determined by the actuary of the 1977 fund, that is based on the age of the fund member at the time the fund member actually makes a contribution for service credit and is computed to result in a contribution amount that approximates the actuarial present value of the retirement benefit attributable to the service credit

purchased.

(iii) The number of years of service credit the fund member intends to purchase.

(B) Contributions for any accrued interest, at a rate determined by the actuary of the 1977 fund, for the period from the fund member's initial membership in the 1977 fund to the date payment is made by the fund member.

(c) A fund member may not receive service credit under this section if the military service for which the fund member requests credit also qualifies the fund member for a benefit in a military or another governmental retirement system.

(d) A fund member who:

(1) terminates service before satisfying the requirements for eligibility to receive a retirement benefit payment from the 1977 fund; or

(2) receives a retirement benefit for the same service from another retirement system, other than under the federal Social Security Act;

may withdraw the fund member's contributions made under this section plus accumulated interest after submitting to the 1977 fund a properly completed application for a refund.

(e) The following apply to the purchase of service credit under this section:

(1) The PERF board may allow a fund member to make periodic payments of the contributions required for the purchase of service credit. The PERF board shall determine the length of the period during which the payments are to be made.

(2) The PERF board may deny an application for the purchase of service credit if the purchase would exceed the limitations set forth in Section 415 of the Internal Revenue Code.

(3) A fund member may not claim the service credit for purposes of determining eligibility or computing benefits unless the fund member has made all payments required for the purchase of the service credit.

(f) To the extent permitted by the Internal Revenue Code and applicable regulations, the 1977 fund may accept, on behalf of a fund member who is purchasing service credit under this section, a rollover of a distribution from any of the following:

(1) A qualified plan described in Section 401(a) or Section 403(a) of the Internal Revenue Code.

(2) An annuity contract or account described in Section 403(b) of the Internal Revenue Code.

(3) An eligible plan that is maintained by a state, a political subdivision of a state, or an agency or instrumentality of a state or political subdivision of a state under Section 457(b) of the Internal Revenue Code.

(4) An individual retirement account or annuity described in Section 408(a) or 408(b) of the Internal Revenue Code.

(g) To the extent permitted by the Internal Revenue Code and the applicable regulations, the 1977 fund may accept, on behalf of a fund member who is purchasing service credit under this section, a trustee to trustee transfer from any of the following:

(1) An annuity contract or account described in Section 403(b) of the Internal Revenue Code.

(2) An eligible deferred compensation plan under Section 457(b) of the Internal Revenue Code.

(h) Notwithstanding any provision in this section, a fund member is entitled to service credit and benefits in the amount and to the extent required by the federal Uniformed Services Employment and Reemployment Rights Act (38 U.S.C. 4301 et seq.), including all later amendments.

(i) Before implementing this section, the PERF board may request from the Internal Revenue Service any rulings or determination letters that the PERF board considers necessary or appropriate.

SECTION 51. IC 36-9-4-42 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2008]: Sec. 42. (a) A municipality or a public transportation corporation that expends money for the establishment or maintenance of an urban mass transportation system under this chapter may acquire the money for these expenditures:

(1) by issuing bonds under section 43 or 44 of this chapter;

(2) by borrowing money made available for such purposes by any source;

(3) by accepting grants or contributions made available for such purposes by any source;

(4) in the case of a municipality, by appropriation from the general fund of the municipality, or from a special fund that the municipal legislative body includes in the municipality's budget; or

(5) in the case of a public transportation corporation, **one (1) or both of the following:**

(A) By levying a tax under section 49 of this chapter. ~~or~~

(B) By ~~recommending an election~~ **electing** to use revenue from the county option income taxes, as provided in subsection (c).

(b) Money may be acquired under this section for the purpose of exercising any of the powers granted by or incidental to this chapter, including:

(1) studies under section 4, 9, or 11 of this chapter;

(2) grants in aid;

(3) the purchase of buses or real property by a municipality for lease to an urban mass transportation system, including the payment of any amount outstanding under a mortgage, contract of sale, or other security device that may attach to the buses or real property;

(4) the acquisition by a public transportation corporation of property of an urban mass transportation system, including the payment of any amount outstanding under a mortgage, contract of sale, or other security device that may attach to the property;

(5) the operation of an urban mass transportation system by a public transportation corporation, including the acquisition of additional property for such a system; and

(6) the retirement of bonds issued and outstanding under this chapter.

(c) This subsection applies only to a public transportation corporation located in a county having a consolidated city. ~~In order to provide revenue to a~~ **During each year that the county option income tax is in effect in the county, the** public transportation corporation ~~during a year, the public transportation corporation board may recommend and the county fiscal body may elect to provide revenue to the corporation~~ **shall receive three percent (3%)** from **the** part of the certified distribution, if any, that the county is to receive during that same year under IC 6-3.5-6-17. ~~To make the election, the county fiscal body must adopt an ordinance before September 1 of the preceding year. The county fiscal body must specify in the ordinance the amount of the certified distribution that is to be used to provide revenue to the corporation. If such an ordinance is adopted, the county fiscal body shall immediately send a copy of the ordinance to the county auditor.~~

SECTION 52. IC 36-9-42 IS ADDED TO THE INDIANA CODE AS A **NEW** CHAPTER TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2008]:

Chapter 42. Transit Development Districts

Sec. 1. This chapter applies only to units:

(1) that are not townships; and

(2) that are located within the boundaries of a regional transit authority.

Sec. 2. As used in this chapter, "gross retail base period amount" means the total amount of state gross retail and use taxes remitted under IC 6-2.5 by the businesses operating in the territory comprising a transit development district during the full state fiscal year that precedes the date on which the transit development district was established under section 5 of this chapter.

Sec. 3. As used in this chapter, "gross retail incremental amount" means the remainder of:

(1) the total amount of state gross retail and use taxes that are remitted under IC 6-2.5 by businesses operating in the territory comprising a transit development district during a state fiscal year; minus

(2) the gross retail base period amount plus the amount of growth of the state gross retail and use tax based on the Consumer Price Index that would be expected to occur without the presence of the transit district;

as determined by the department of state revenue.

Sec. 4. As used in this chapter, "regional transit authority" means an entity:

(1) that is eligible to receive federal transportation funding under Title 49 of the United States Code; and

(2) that is either:

(A) a regional transportation authority established under IC 36-9-3; or

(B) the northwest Indiana regional development authority established under IC 36-7.5-2-1.

Sec. 5. The fiscal body of a unit may adopt an ordinance to establish a transit development district. The ordinance creating a transit development district must specify the territorial boundaries of the district. The territorial boundaries of the district may not extend beyond the boundaries of the regional transit authority within which the unit is located.

Sec. 6. The fiscal body of a unit may adopt an ordinance to dissolve a transit development district that was created by the unit. However, the fiscal body of a unit may not adopt an ordinance to dissolve the transit development district under this subsection earlier than the date three (3) years after the date on which the ordinance creating the transit development district was adopted.

Sec. 7. Before the first business day in October of each year, the

department of state revenue shall calculate the gross retail incremental amount for the preceding state fiscal year for each transit development district designated under this chapter.

Sec. 8. (a) The treasurer of state shall establish an incremental tax financing fund. The treasurer of state shall establish an account within the incremental tax financing fund for each transit development district designated under this chapter. The treasurer of state shall administer the fund. Money in the fund does not revert to the state general fund at the end of a state fiscal year.

(b) Subject to subsection (c), during each state fiscal year, the department of state revenue shall deposit in the account established for a transit development district under subsection (a) the total amount of state gross retail and use taxes that are remitted under IC 6-2.5 by businesses operating in the transit development district, until the amount of state gross retail and use taxes deposited equals the gross retail incremental amount for the transit development district.

(c) Not more than five million dollars ($5,000,000) may be deposited in a particular account established under subsection (a) for a transit development district over the life of the transit development district.

(d) On or before the twentieth day of each month, the treasurer of state shall distribute all amounts held in the account established under subsection (a) for a transit development district to the unit that established the transit development district for deposit in the transit development district tax increment fund established under section 9(a) of this chapter.

Sec. 9. (a) Each unit that establishes a transit development district under this chapter shall establish a transit development district tax increment fund to receive money distributed to the unit under section 8 of this chapter.

(b) The fiscal body of a unit that creates a transit development district shall appropriate money deposited in the unit's transit development district tax increment fund to the regional transit authority whose boundaries contain the transit development district.

Sec. 10. (a) Except as provided in subsection (b), a regional transit authority shall use the funds appropriated to the regional transit authority under section 9(b) of this chapter for the purposes authorized by the statute under which the regional transit authority was established as referred to in section 4(2) of this chapter.

(b) Except as provided in subsection (c), each regional transit authority receiving an appropriation under section 9(b) of this chapter shall deposit twenty-five percent (25%) of each appropriation into the regional transportation authority formation fund established under IC 8-23-28-1.

(c) A regional transit authority is not required to make the deposit required under subsection (b) if the total of all deposits made by regional transit authorities under subsection (b) has reached one million dollars ($1,000,000).

SECTION 53. IC 6-3-4-1.5 IS REPEALED [EFFECTIVE JANUARY 1, 2008 (RETROACTIVE)].

SECTION 54. IC 8-9.5-7 IS REPEALED [EFFECTIVE JULY 1, 2008].

SECTION 55. P.L.196-2007, SECTION 7, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2001 (RETROACTIVE)]: SECTION 7. (a) The definitions in IC 6-1.1-1 apply to this SECTION.

(b) This SECTION applies only to an entity that meets all of the following conditions:

(1) The entity is:

(A) a nonprofit:

(i) corporation; **or**

(ii) limited liability company;

that is organized for educational, literary, scientific, religious, or charitable purposes; or

(B) a local chapter of a nonprofit ~~corporation~~ **entity** referred to in clause (A).

(2) For the assessment date in a calendar year after 2000:

(A) tangible property owned by the entity was, except for the entity's failure to timely file an application under IC 6-1.1-11 for property tax exemption, otherwise eligible for an exemption;

(B) the entity failed to timely file an application under IC 6-1.1-11 for property tax exemption for the tangible property for the assessment date; and

(C) the entity's tangible property was subject to taxation for the assessment date.

(3) The tangible property, or other property owned by the entity in the same county, was exempt from taxation in either:

(A) the calendar year before the year containing the assessment date described in subdivision (2); or

(B) the calendar year two (2) years before the year containing

the assessment date described in subdivision (2).

(c) Notwithstanding any provision of IC 6-1.1-11 or any other law specifying the date by which an application for property tax exemption must be filed to claim an exemption for a particular assessment date, an entity described in subsection (b) may before January 1, 2008, file with the county assessor an application for property tax exemption for an assessment date described in subsection (b)(2).

(d) Notwithstanding any provision of IC 6-1.1-11 or any other law, an application for property tax exemption filed under subsection (c) is considered to be timely filed, and the county property tax assessment board of appeals shall grant an exemption claimed for the assessment date on the application upon the county property tax assessment board of appeals's determination that:

(1) the entity's application for property tax exemption satisfies all other applicable requirements; and

(2) the entity's tangible property was, except for the failure to timely file an application for property tax exemption, otherwise eligible for the claimed exemption.

(e) If an entity has previously paid the tax liability for tangible property for an assessment date and the property is granted an exemption under this SECTION for that assessment date, the county auditor shall issue a refund of the property tax paid by the entity. An entity is not required to apply for any refund due under this SECTION. The county auditor shall, without an appropriation being required, issue a warrant to the entity payable from the county general fund for the amount of the refund, if any, due the entity. No interest is payable on the refund.

(f) This SECTION expires January 1, 2009.

SECTION 56. [EFFECTIVE JANUARY 1, 2008 (RETROACTIVE)] **IC 6-1.1-12.1-4.5 and IC 6-1.1-40-10, both as amended by this act, applies to property taxes imposed for an assessment date after January 15, 2007.**

SECTION 57. [EFFECTIVE UPON PASSAGE] **(a) As used in this SECTION, "eligible district" means a fire protection district established under IC 36-8-11:**

(1) that expanded its territory after 1998; and

(2) for which the quotient of:

(A) the taxable assessed value of all tangible property in the district for the assessment date (as defined in IC 6-1.1-1-2) in 2004; divided by

(B) subject to subsection (b), the taxable assessed value of all tangible property in the district for the assessment date

(as defined in IC 6-1.1-1-2) in 1999;

is at least one and one-half (1.5).

(b) To account for the change in the definition of "assessed value" reflected in IC 6-1.1-1-3(a)(1) and IC 6-1.1-1-3(a)(2), the taxable assessed value to be used for purposes of subsection (a)(2)(B) is the product of:

(1) the actual taxable assessed value; multiplied by

(2) three (3).

(c) An eligible district may, before September 20, 2008, appeal to the department of local government finance for relief from the levy limitations imposed by IC 6-1.1-18.5 for property taxes first due and payable in 2009. In the appeal, the district must:

(1) state that the district will be unable to carry out the governmental functions committed to the district by law unless the appeal is approved; and

(2) present evidence that the district is an eligible district.

(d) The maximum increase in an eligible district's levy allowed under this SECTION is two hundred twelve thousand five hundred dollars ($212,500).

(e) The department of local government finance shall process the appeal in the same manner that the department processes appeals under IC 6-1.1-18.5-12.

(f) For purposes of computing an eligible district's ad valorem property tax levy for taxes first due and payable in 2010, the district's maximum permissible ad valorem property tax levy for property taxes first due and payable in 2009 under STEP ONE of IC 6-1.1-18.5-3(a) or STEP ONE of IC 6-1.1-18.5-3(b) includes the amount of any increase in the district's levy approved under this SECTION for property taxes first due and payable in 2009.

(g) This SECTION expires January 1, 2011.

SECTION 58. [EFFECTIVE JANUARY 1, 2009] **IC 6-3-4-4.1, IC 6-3-4-8, IC 6-3-4-15.7, IC 6-3.5-1.1-18, IC 6-3.5-6-22, IC 6-3.5-7-18, and IC 6-3.5-8-22, all as amended by this act, apply only to taxable years beginning after December 31, 2008.**

SECTION 59. [EFFECTIVE UPON PASSAGE] **The amendment of IC 6-2.3-3-5 by this act shall be interpreted to clarify and not to change the general assembly's intent with respect to IC 6-2.5-3-5.**

SECTION 60. [EFFECTIVE JANUARY 1, 2009] **IC 6-2.5-6-1, as amended by this act, applies to reporting periods beginning after December 31, 2008.**

SECTION 61. [EFFECTIVE JANUARY 1, 2008 (RETROACTIVE)] **IC 6-3-3-12, as amended by this act, applies to**

taxable years beginning after December 31, 2007.

SECTION 62. [EFFECTIVE JANUARY 1, 2009] **IC 6-3-4-1.5, as amended by this act, applies to adjusted gross income tax returns filed after December 31, 2008.**

SECTION 63. [EFFECTIVE JANUARY 1, 2009] **IC 6-3.1-21-6 and IC 6-5.5-1-2, both as amended by this act, and IC 6-5.5-1-21 and IC 6-8.1-10-3.5, both as added by this act, apply to taxable years beginning after December 31, 2008.**

SECTION 64. [EFFECTIVE JANUARY 1, 2007 (RETROACTIVE)] **(a) The definitions in IC 6-1.1-1 apply in subsection (b).**

(b) A civil taxing unit may appeal for an excessive ad valorem property tax levy for property taxes first due and payable in 2008 under IC 6-1.1-18.5-12 and IC 6-1.1-18.5-16 on the grounds stated in IC 6-1.1-18.5-16(a) except that:

(1) the deadline of December 31, 2007, under IC 6-1.1-18.5-12(a) does not apply to the appeal; and

(2) the deadline for the appeal is May 1, 2008.

(c) The definitions in IC 20-18-2 apply in subsection (d).

(d) A school corporation may appeal for an excessive ad valorem property tax levy for property taxes first due and payable in 2008 under IC 6-1.1-19, IC 20-45-4-4, and IC 20-45-6-5 on the grounds stated in IC 20-45-6-5(a)(2)(A) except that:

(1) the deadline of December 31, 2007, under IC 20-45-4-4 does not apply to the appeal; and

(2) the deadline for the appeal is May 1, 2008.

(e) If an appeal under this SECTION is approved:

(1) the deadline of February 15, 2008, under IC 6-1.1-17-16(h) does not apply to the actions of the department of local government finance under IC 6-1.1-17-16 for property taxes first due and payable in 2008 with respect to the following:

(A) The county in which the following are located:

(i) One (1) or more civil taxing units for which the appeal is approved.

(ii) One (1) or more school corporations for which the appeal is approved.

(B) The civil taxing units and school corporations located wholly or partially in the county referred to in clause (A);

(2) the deadlines under IC 6-1.1-22 do not apply in the county referred to in subdivision (1)(A) to the mailing or transmitting of statements and information and the payment of property taxes; and

(3) subject to subsection (f), the county treasurer shall set a schedule for the mailing or transmitting of statements and information and the payment of property taxes.

(f) Subsection (e) does not affect the authority of the county treasurer to use provisional statements under IC 6-1.1-22.5 if that chapter applies.

(g) This SECTION expires January 1, 2009.

SECTION 65. [EFFECTIVE UPON PASSAGE] **(a) This SECTION applies only to salaries paid for pay periods beginning after June 30, 2008.**

(b) As used in this SECTION, "district forester" means any position on the state staffing table with a job code of "001LE2" and a description of "Forester Specialist 2".

(c) As used in this SECTION, "natural sciences manager" means any position on the state staffing table with a job code of "00ENS7" and a description of "Natural Sciences Manager E7".

(d) As used in this SECTION, "state staffing table" means a position classification plans and salary and wage schedule adopted by the state personnel department (established by IC 4-15-1.8-2) under IC 4-15-1.8-7.

(e) For pay periods beginning after June 30, 2008, the state personnel department shall equalize the salary and wage schedules for the positions of district forester and natural sciences manager so that both positions share the higher of the two (2) wage and salary schedules for these positions existing on April 1, 2008. For pay periods beginning after June 30, 2008, the department of natural resources (created by IC 14-9-1-1) shall increase the wages and salaries of all district foresters and natural sciences managers to bring the wages and salaries into conformity with the salary and wage schedules required by this SECTION.

SECTION 66. [EFFECTIVE UPON PASSAGE] **The trustees of the following institution may issue and sell bonds under IC 21-34, subject to the approvals required by IC 21-33-3, for the following project if the sum of principal costs of any bond issued under this SECTION, excluding amounts necessary to provide money for debt service reserves, credit enhancement, or other costs incidental to the issuance of the bonds, does not exceed the total authority listed below for that institution:**

Indiana University, Purdue University at Fort Wayne

Student Services and Library Complex $16,000,000

Bonds issued under this SECTION are not eligible for fee replacement appropriations. The bonding authority granted by this

SECTION is in addition to any bonding authority granted to the trustees of the institution for a student services and library complex by P.L.234-2007, SECTION 179(a).

SECTION 67. P.L.234-2007, SECTION 173, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: SECTION 173. (a) As used in this SECTION, "commission" refers to the commission on disproportionality in youth services.

(b) As used in this SECTION, "youth services" means the following:

(1) Juvenile justice services.

(2) Child welfare services.

(3) Education services.

(4) Mental health services.

(c) The commission on disproportionality in youth services is established to develop and provide an implementation plan to evaluate and address disproportionate representation of youth of color in the use of youth services.

(d) The commission consists of the following members appointed not later than August 15, 2007:

(1) The dean or a faculty member of an Indiana accredited graduate school of public administration, social work, education, mental health, or juvenile justice, who shall serve as chairperson of the commission.

(2) The state superintendent of public instruction, or the superintendent's designee.

(3) The director of the division of mental health and addiction, or the director's designee.

(4) The executive director of the Indiana criminal justice institute, or the executive director's designee.

(5) The director of the department of child services, or the director's designee.

(6) The commissioner of the department of correction, or the commissioner's designee.

(7) A division of child services county director from a densely populated county.

(8) A faculty member of an Indiana accredited college or university that offers undergraduate degrees in public administration, social work, education, mental health, or juvenile justice.

(9) A prosecuting attorney.

(10) A juvenile court judge.

(11) An attorney who specializes in juvenile law.

(12) A representative of the Indiana Minority Health Coalition.

(13) A health care provider who specializes in pediatric or emergency medicine.
(14) A public agency family case manager.
(15) A private agency children's service social worker.
(16) A school counselor or social worker.
(17) A representative of law enforcement.
(18) A guardian ad litem, court appointed special advocate, or other child advocate.
(19) The chairperson of an established advocacy group in Indiana that has previously investigated the issue of disproportionality in use of youth services.
(20) A young adult who has previous involvement with at least one (1) youth service.
(21) A representative of foster parents or adoptive parents.
(22) A representative of a state teacher's association or a public school teacher.
(23) A child psychiatrist or child psychologist.
(24) A representative of a family support group.
(25) A representative of the National Alliance on Mental Illness.
(26) A representative of the commission on the social status of black males.
(27) A representative of the Indiana Juvenile Detention Association.
(28) A representative of the commission on Hispanic/Latino affairs.
(29) A representative of the civil rights commission.
(30) Two (2) members of the house of representatives appointed by the speaker of the house of representatives. The members appointed under this subdivision may not be members of the same political party and serve as nonvoting members.
(31) Two (2) members of the senate appointed by the president pro tempore of the senate. The members appointed under this subdivision may not be members of the same political party and serve as nonvoting members.

The governor shall appoint the members under subdivisions (1), (7), (10), (13), (16), (19), (22), (25), (28), and (29). The speaker of the house of representatives shall appoint the members under subdivisions (8), (11), (14), (17), (20), (23), (26), and (30). The president pro tempore of the senate shall appoint the members under subdivisions (9), (12), (15), (18), (21), (24), (27), and (31). Vacancies shall be filled by the appointing authority for the remainder of the unexpired term.

(e) Each member of the commission shall have an interest in or

influence on evaluating and addressing disproportionate representation of youth of color in the use of youth services.

(f) A majority of the voting members of the commission constitutes a quorum.

(g) The Indiana accredited graduate school represented by the chairperson of the commission under subsection (d)(1) shall staff the commission.

(h) The commission shall meet at the call of the chairperson and shall meet as often as necessary to carry out the purposes of this SECTION.

(i) Each member of the commission who is not a state employee is entitled to the minimum salary per diem provided by IC 4-10-11-2.1(b). The member is also entitled to reimbursement for traveling expenses as provided under IC 4-13-1-4 and other expenses actually incurred in connection with the member's duties as provided in the state policies and procedures established by the Indiana department of administration and approved by the budget agency.

(j) Each member of the commission who is a state employee but who is not a member of the general assembly is entitled to reimbursement for traveling expenses as provided under IC 4-13-1-4 and other expenses actually incurred in connection with the member's duties as provided in the state policies and procedures established by the Indiana department of administration and approved by the budget agency.

(k) Each member of the commission who is a member of the general assembly is entitled to receive the same per diem, mileage, and travel allowances paid to legislative members of interim study committees established by the legislative council. Per diem, mileage, and travel allowances paid under this subsection shall be paid from appropriations made to the legislative council or the legislative services agency.

(l) The commission's responsibilities include the following:

(1) Reviewing Indiana's public and private child welfare, juvenile justice, mental health, and education service delivery systems to evaluate disproportionality rates in the use of youth services by youth of color.

(2) Reviewing federal, state, and local funds appropriated to address disproportionality in the use of youth services by youth of color.

(3) Reviewing current best practice standards addressing disproportionality in the use of youth services by youth of color.

(4) Examining the qualifications and training of youth service providers and making recommendations for a training curriculum

and other necessary changes.

(5) Recommending methods to improve use of available public and private funds to address disproportionality in the use of youth services by youth of color.

(6) Providing information concerning identified unmet youth service needs and providing recommendations concerning the development of resources to meet the identified needs.

(7) Suggesting policy, program, and legislative changes related to youth services to accomplish the following:

(A) Enhancement of the quality of youth services.

(B) Identification of potential resources to promote change to enhance youth services.

(C) Reduction of the disproportionality in the use of youth services by youth of color.

(8) Preparing a report consisting of the commission's findings and recommendations, and the presentation of an implementation plan to address disproportionate representation of youth of color in use of youth services.

(m) In carrying out the commission's responsibilities, the commission shall consider pertinent studies concerning disproportionality in use of youth services by youth of color.

(n) The affirmative votes of a majority of the commission's voting members are required for the commission to take action on any measure, including recommendations included in the report required under subsection (l)(8).

(o) The commission shall submit the report required under subsection (l)(8) to the governor and to the legislative council not later than ~~August 15, 2008.~~ **October 15, 2008.** The report to the legislative council must be in an electronic format under IC 5-14-6. The commission shall make the report available to the public upon request not later than December 1, 2008.

(p) There is appropriated from the state general fund one hundred twenty-five thousand ($125,000) dollars for the period beginning July 1, 2007, and ending December 31, 2008, to carry out the purposes of this SECTION, including the hiring by the chairperson of an individual to serve only to assist the chairperson and members with research, statistical analysis, meeting support, and drafting of the report required under subsection (l)(8).

(q) This SECTION expires January 1, 2009.

SECTION 68. [EFFECTIVE JANUARY 1, 2009] **(a) The definitions in IC 6-3.1-32, as added by this act, apply throughout this SECTION.**

(b) IC 6-3.1-32, as added by this act, applies only to:

(1) federally qualified equity investments initially made; and

(2) taxable years beginning;

after December 31, 2008.

SECTION 69. **An emergency is declared for this act.**

SENATE MOTION

Madam President: I move that Senator Meeks be added as coauthor of Senate Bill 19.

KENLEY

SENATE MOTION

Madam President: I move that Senator Mrvan be added as coauthor of Senate Bill 19.

KENLEY

COMMITTEE REPORT

Madam President: The Senate Committee on Tax and Fiscal Policy, to which was referred Senate Bill No. 19, has had the same under consideration and begs leave to report the same back to the Senate with the recommendation that said bill be AMENDED as follows:

Page 1, between the enacting clause and line 1, begin a new paragraph and insert:

"SECTION 1. IC 6-2.5-4-16 IS ADDED TO THE INDIANA CODE AS A **NEW** SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2008]: **Sec. 16. (a) This section applies to transactions occurring after June 30, 2008.**

(b) A person is a retail merchant making a retail transaction when the person:

(1) leases an aircraft to another person; and

(2) provides flight instruction services to the lessee during the term of the lease.

(c) The amount of the gross retail income attributable to a retail transaction described in subsection (b) is the amount charged by the lessor for the lease of the aircraft used in conjunction with the flight instruction services provided to the lessee.

SECTION 2. IC 6-2.5-6-1, AS AMENDED BY P.L.211-2007, SECTION 17, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2009]: Sec. 1. (a) Except as otherwise provided in this section, each person liable for collecting the state gross retail or use tax

shall file a return for each calendar month and pay the state gross retail and use taxes that the person collects during that month. A person shall file the person's return for a particular month with the department and make the person's tax payment for that month to the department not more than thirty (30) days after the end of that month, if that person's average monthly liability for collections of state gross retail and use taxes under this section as determined by the department for the preceding calendar year did not exceed one thousand dollars ($1,000). If a person's average monthly liability for collections of state gross retail and use taxes under this section as determined by the department for the preceding calendar year exceeded one thousand dollars ($1,000), that person shall file the person's return for a particular month and make the person's tax payment for that month to the department not more than twenty (20) days after the end of that month.

(b) If a person files a combined sales and withholding tax report and either this section or IC 6-3-4-8.1 requires sales or withholding tax reports to be filed and remittances to be made within twenty (20) days after the end of each month, then the person shall file the combined report and remit the sales and withholding taxes due within twenty (20) days after the end of each month.

(c) Instead of the twelve (12) monthly reporting periods required by subsection (a), the department may permit a person to divide a year into a different number of reporting periods. The return and payment for each reporting period is due not more than twenty (20) days after the end of the period.

(d) Instead of the reporting periods required under subsection (a), the department may permit a retail merchant to report and pay the merchant's state gross retail and use taxes for a period covering

~~(1)~~ a calendar year, if the retail merchant's ~~average monthly~~ state gross retail and use tax liability in the previous calendar year does not exceed ~~ten dollars ($10);~~

~~(2) a calendar half year, if the retail merchant's average monthly state gross retail and use tax liability in the previous calendar year does not exceed twenty-five dollars ($25);~~ ~~or~~

~~(3) a calendar quarter, if the retail merchant's average monthly state gross retail and use tax liability in the previous calendar year does not exceed seventy-five dollars ($75).~~

one thousand dollars ($1,000). A retail merchant using a reporting period allowed under this subsection must file the merchant's return and pay the merchant's tax for a reporting period not later than the last day of the month immediately following the close of that reporting period.

(e) If a retail merchant reports the merchant's adjusted gross income tax, or the tax the merchant pays in place of the adjusted gross income tax, over a fiscal year ~~or fiscal quarter~~ not corresponding to the calendar year, ~~or calendar quarter,~~ the merchant may, without prior departmental approval, report and pay the merchant's state gross retail and use taxes over the merchant's fiscal ~~period~~ **year** that corresponds to the calendar ~~period~~ **year** the merchant is permitted to use under subsection (d). However, the department may, at any time, require the retail merchant to stop using the fiscal reporting period.

(f) If a retail merchant files a combined sales and withholding tax report, the reporting period for the combined report is the shortest period required under:

(1) this section;

(2) IC 6-3-4-8; or

(3) IC 6-3-4-8.1.

(g) If the department determines that a person's:

(1) estimated monthly gross retail and use tax liability for the current year; or

(2) average monthly gross retail and use tax liability for the preceding year;

exceeds five thousand dollars ($5,000), the person shall pay the monthly gross retail and use taxes due by electronic funds transfer (as defined in IC 4-8.1-2-7) or by delivering in person or by overnight courier a payment by cashier's check, certified check, or money order to the department. The transfer or payment shall be made on or before the date the tax is due.

~~(h) If a person's gross retail and use tax payment is made by electronic funds transfer, the taxpayer is not required to file a monthly gross retail and use tax return. However, the person shall file a quarterly gross retail and use tax return before the twentieth day after the end of each calendar quarter.~~

~~(i)~~ **(h)** A person:

(1) who has voluntarily registered as a seller under the Streamlined Sales and Use Tax Agreement;

(2) who is not a Model 1, Model 2, or Model 3 seller (as defined in the Streamlined Sales and Use Tax Agreement); and

(3) whose liability for collections of state gross retail and use taxes under this section for the preceding calendar year as determined by the department does not exceed one thousand dollars ($1,000);

is not required to file a monthly gross retail and use tax return.

SECTION 3. IC 6-2.5-6-9, AS AMENDED BY P.L.162-2006,

SECTION 23, AND AS AMENDED BY P.L.184-2006, SECTION 2, IS CORRECTED AND AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2008]: Sec. 9. (a) In determining the amount of state gross retail and use taxes which a retail merchant must remit under section 7 of this chapter, the retail merchant shall, subject to subsections (c) and (d), deduct from the retail merchant's gross retail income from retail transactions made during a particular reporting period, an amount equal to the retail merchant's receivables which:

(1) resulted from retail transactions in which the retail merchant did not collect the state gross retail or use tax from the purchaser;

(2) resulted from retail transactions on which the retail merchant has previously paid the state gross retail or use tax liability to the department; and

(3) were written off as an uncollectible debt for federal tax purposes under Section 166 of the Internal Revenue Code during the particular reporting period.

(b) If a retail merchant deducts a receivable under subsection (a) and subsequently collects all or part of that receivable, then the retail merchant shall, subject to subsection ~~(d)(6),~~ **(d)(7),** include the amount collected as part of the retail merchant's gross retail income from retail transactions for the particular reporting period in which the retail merchant makes the collection.

(c) This subsection applies only to retail transactions occurring after ~~*June 30, 2007.*~~ *December 31, 2006.* As used in this subsection, "affiliated group" means any combination of the following:

(1) An affiliated group within the meaning provided in Section 1504 of the Internal Revenue Code, except that the ownership percentage in Section 1504(a)(2) of the Internal Revenue Code shall be determined using fifty percent (50%) instead of eighty percent (80%).

(2) Two (2) or more partnerships (as defined in IC 6-3-1-19), including limited liability companies and limited liability partnerships, that have the same degree of mutual ownership as an affiliated group described in subdivision (1), as determined under the rules adopted by the department.

The right to a deduction under this section is not assignable to an individual or entity that is not part of the same affiliated group as the assignor.

(d) The following provisions apply to a deduction for a receivable treated as uncollectible debt under subsection (a):

(1) A purchaser of accounts receivable that become uncollectible during a taxable year is entitled to a deduction

based on the price paid for the receivables but not on their face value.

~~(1)~~ **(2)** The deduction does not include interest.

~~(2)~~ **(3)** The amount of the deduction shall be determined in the manner provided by Section 166 of the Internal Revenue Code for bad debts but shall be adjusted to exclude:

(A) financing charges or interest;

(B) sales or use taxes charged on the purchase price;

(C) uncollectible amounts on property that remain in the possession of the seller until the full purchase price is paid;

(D) expenses incurred in attempting to collect any debt; and

(E) repossessed property.

~~(3)~~ **(4)** The deduction shall be claimed on the return for the period during which the receivable is written off as uncollectible in the claimant's books and records and is eligible to be deducted for federal income tax purposes. For purposes of this subdivision, a claimant who is not required to file federal income tax returns may deduct an uncollectible receivable on a return filed for the period in which the receivable is written off as uncollectible in the claimant's books and records and would be eligible for a bad debt deduction for federal income tax purposes if the claimant were required to file a federal income tax return.

~~(4)~~ **(5)** If the amount of uncollectible receivables claimed as a deduction by a retail merchant for a particular reporting period exceeds the amount of the retail merchant's taxable sales for that reporting period, the retail merchant may file a refund claim under IC 6-8.1-9. However, the deadline for the refund claim shall be measured from the due date of the return for the reporting period on which the deduction for the uncollectible receivables could first be claimed.

~~(5)~~ **(6)** If a retail merchant's filing responsibilities have been assumed by a certified service provider (as defined in IC 6-2.5-11-2), the certified service provider may claim, on behalf of the retail merchant, any deduction or refund for uncollectible receivables provided by this section. The certified service provider must credit or refund the full amount of any deduction or refund received to the retail merchant.

~~(6)~~ **(7)** For purposes of reporting a payment received on a previously claimed uncollectible receivable, any payments made on a debt or account shall be applied first proportionally to the taxable price of the property and the state gross retail tax or use tax thereon, and secondly to interest, service charges, and any

other charges.

~~(7)~~ **(8)** A retail merchant claiming a deduction for an uncollectible receivable may allocate that receivable among the states that are members of the streamlined sales and use tax agreement if the books and records of the retail merchant support that allocation.

SECTION 4. IC 6-3-3-12, AS AMENDED BY P.L.211-2007, SECTION 22, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2008 (RETROACTIVE)]: Sec. 12. (a) As used in this section, "account" has the meaning set forth in IC 21-9-2-2.

(b) As used in this section, "account beneficiary" has the meaning set forth in IC 21-9-2-3.

(c) As used in this section, "account owner" has the meaning set forth in IC 21-9-2-4.

(d) As used in this section, "college choice 529 education savings plan" refers to a college choice 529 investment plan established under IC 21-9.

(e) As used in this section, "nonqualified withdrawal" means a withdrawal or distribution from a college choice 529 education savings plan that is not a qualified withdrawal.

(f) As used in this section, "qualified higher education expenses" has the meaning set forth in IC 21-9-2-19.5.

(g) As used in this section, "qualified withdrawal" means a withdrawal or distribution from a college choice 529 education savings plan that is made:

(1) to pay for qualified higher education expenses, excluding any withdrawals or distributions used to pay for qualified higher education expenses if the withdrawals or distributions are made from an account of a college choice 529 education savings plan that is terminated within twelve (12) months after the account is opened;

(2) as a result of the death or disability of an account beneficiary;

(3) because an account beneficiary received a scholarship that paid for all or part of the qualified higher education expenses of the account beneficiary, to the extent that the withdrawal or distribution does not exceed the amount of the scholarship; or

(4) by a college choice 529 education savings plan as the result of a transfer of funds by a college choice 529 education savings plan from one (1) third party custodian to another.

A qualified withdrawal does not include a rollover distribution or transfer of assets from a college choice 529 education savings plan to any other qualified tuition program under Section 529 of the Internal Revenue Code that is not a college choice 529 education savings plan.

(h) As used in this section, "taxpayer" means:

(1) an individual filing a single return; or

(2) a married couple filing a joint return.

(i) A taxpayer is entitled to a credit against the taxpayer's adjusted gross income tax imposed by IC 6-3-1 through IC 6-3-7 for a taxable year equal to the least of the following:

(1) Twenty percent (20%) of the amount of the total contributions made by the taxpayer to an account or accounts of a college choice 529 education savings plan during the taxable year.

(2) One thousand dollars ($1,000).

(3) The amount of the taxpayer's adjusted gross income tax imposed by IC 6-3-1 through IC 6-3-7 for the taxable year, reduced by the sum of all credits (as determined without regard to this section) allowed by IC 6-3-1 through IC 6-3-7.

(j) A taxpayer is not entitled to a carryback, carryover, or refund of an unused credit.

(k) A taxpayer may not sell, assign, convey, or otherwise transfer the tax credit provided by this section.

(l) To receive the credit provided by this section, a taxpayer must claim the credit on the taxpayer's annual state tax return or returns in the manner prescribed by the department. The taxpayer shall submit to the department all information that the department determines is necessary for the calculation of the credit provided by this section.

(m) An account owner of an account of a college choice 529 education savings plan must repay all or a part of the credit in a taxable year in which any nonqualified withdrawal is made from the account. The amount the taxpayer must repay is equal to the lesser of:

(1) twenty percent (20%) of the total amount of nonqualified withdrawals made during the taxable year from the account; or

(2) the excess of:

(A) the cumulative amount of all credits provided by this section that are claimed by any taxpayer with respect to the taxpayer's contributions to the account for all prior taxable years beginning on or after January 1, 2007; over

(B) the cumulative amount of repayments paid by the account owner under this subsection for all prior taxable years beginning on or after January 1, 2008.

(n) Any required repayment under subsection (m) shall be reported by the account owner on the account owner's annual state income tax return for any taxable year in which a nonqualified withdrawal is made.

(o) A nonresident account owner who is not required to file an annual income tax return for a taxable year in which a

nonqualified withdrawal is made shall make any required repayment on the form required under IC 6-3-4-1(2). If the nonresident account owner does not make the required repayment, the department shall issue a demand notice in accordance with IC 6-8.1-5-1.

~~(o)~~ **(p)** The executive director of the Indiana education savings authority shall submit or cause to be submitted to the department a copy of all information returns or statements issued to account owners, account beneficiaries, and other taxpayers for each taxable year with respect to:

(1) nonqualified withdrawals made from accounts of a college choice 529 education savings plan for the taxable year; or

(2) account closings for the taxable year.

SECTION 5. IC 6-3-4-1.5, AS ADDED BY P.L.211-2007, SECTION 23, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2009]: Sec. 1.5. **(a) Except as provided by subsection (b),** if a professional preparer files more than one hundred (100) returns in a calendar year for persons described in section 1(1) or 1(2) of this chapter, in the immediately following calendar year the professional preparer shall file returns for persons described in section 1(1) or 1(2) of this chapter in an electronic format specified by the department.

(b) A professional preparer described in subsection (a) is not required to file a return in an electronic format if:

(1) the taxpayer or taxpayer's spouse claims the additional exemption for the elderly under IC 6-3-1-3.5(a)(4)(B); and

(2) the taxpayer requests in writing that the return not be filed in an electronic format.

Returns filed by a professional preparer under this subsection shall not be used in determining the professional preparer's requirement to file returns in an electronic format.

(c) A professional preparer who does not comply with subsection (a) is subject to a penalty of fifty dollars ($50) for each return not filed in an electronic format, with a maximum penalty of twenty-five thousand dollars ($25,000) per calendar year.".

Page 8, delete lines 15 through 27, begin a new paragraph and insert:

"SECTION 9. IC 6-3-4-16 IS ADDED TO THE INDIANA CODE AS A **NEW** SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2008]: **Sec. 16. (a) For individual income tax returns filed after December 31, 2010, the department shall develop procedures to implement a system of crosschecks between:**

(1) employer WH-3 forms (annual withholding tax reports)

with accompanying W-2s; and

(2) individual taxpayer W-2 forms.

(b) The department and the office of management and budget shall develop reports and procedures to ensure that income taxes imposed under IC 6-3.5 are accurately and properly distributed to each county.".

Page 8, between lines 27 and 28, begin a new paragraph and insert:

"SECTION 10. IC 6-3.1-21-6 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2009]: Sec. 6. (a) **Except as provided by subsection (b),** an individual who is eligible for an earned income tax credit under Section 32 of the Internal Revenue Code is eligible for a credit under this chapter equal to six percent (6%) of the amount of the federal earned income tax credit that the individual:

(1) is eligible to receive in the taxable year; and

(2) claimed for the taxable year;

under Section 32 of the Internal Revenue Code.

(b) In the case of a nonresident taxpayer or a resident taxpayer residing in Indiana for a period of less than the taxpayer's entire taxable year, the amount of the credit is equal to the product of:

(1) the amount determined under subsection (a); multiplied by

(2) the quotient of the taxpayer's income taxable in Indiana divided by the taxpayer's total income.

~~(b)~~ **(c)** If the credit amount exceeds the taxpayer's adjusted gross income tax liability for the taxable year, the excess, less any advance payments of the credit made by the taxpayer's employer under IC 6-3-4-8 that reduce the excess, shall be refunded to the taxpayer.".

Page 10, between lines 33 and 34, begin a new paragraph and insert:

"SECTION 15. IC 6-5.5-1-2, AS AMENDED BY P.L.223-2007, SECTION 5, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2009]: Sec. 2. (a) Except as provided in subsections (b) through (d), "adjusted gross income" means taxable income as defined in Section 63 of the Internal Revenue Code, adjusted as follows:

(1) Add the following amounts:

(A) An amount equal to a deduction allowed or allowable under Section 166, Section 585, or Section 593 of the Internal Revenue Code.

(B) An amount equal to a deduction allowed or allowable under Section 170 of the Internal Revenue Code.

(C) An amount equal to a deduction or deductions allowed or allowable under Section 63 of the Internal Revenue Code for taxes based on or measured by income and levied at the state level by a state of the United States or levied at the local level

by any subdivision of a state of the United States.

(D) The amount of interest excluded under Section 103 of the Internal Revenue Code or under any other federal law, minus the associated expenses disallowed in the computation of taxable income under Section 265 of the Internal Revenue Code.

(E) An amount equal to the deduction allowed under Section 172 or 1212 of the Internal Revenue Code for net operating losses or net capital losses.

(F) For a taxpayer that is not a large bank (as defined in Section 585(c)(2) of the Internal Revenue Code), an amount equal to the recovery of a debt, or part of a debt, that becomes worthless to the extent a deduction was allowed from gross income in a prior taxable year under Section 166(a) of the Internal Revenue Code.

(G) Add the amount necessary to make the adjusted gross income of any taxpayer that owns property for which bonus depreciation was allowed in the current taxable year or in an earlier taxable year equal to the amount of adjusted gross income that would have been computed had an election not been made under Section 168(k) of the Internal Revenue Code to apply bonus depreciation to the property in the year that it was placed in service.

(H) Add the amount necessary to make the adjusted gross income of any taxpayer that placed Section 179 property (as defined in Section 179 of the Internal Revenue Code) in service in the current taxable year or in an earlier taxable year equal to the amount of adjusted gross income that would have been computed had an election for federal income tax purposes not been made for the year in which the property was placed in service to take deductions under Section 179 of the Internal Revenue Code in a total amount exceeding twenty-five thousand dollars ($25,000).

(I) Add an amount equal to the amount that a taxpayer claimed as a deduction for domestic production activities for the taxable year under Section 199 of the Internal Revenue Code for federal income tax purposes.

(J) Add an amount equal to a deduction for dividends paid (as defined in Section 561 of the Internal Revenue Code) to shareholders of a captive real estate investment trust (as defined in section 21 of this chapter).

(2) Subtract the following amounts:

(A) Income that the United States Constitution or any statute of the United States prohibits from being used to measure the tax imposed by this chapter.

(B) Income that is derived from sources outside the United States, as defined by the Internal Revenue Code.

(C) An amount equal to a debt or part of a debt that becomes worthless, as permitted under Section 166(a) of the Internal Revenue Code.

(D) An amount equal to any bad debt reserves that are included in federal income because of accounting method changes required by Section 585(c)(3)(A) or Section 593 of the Internal Revenue Code.

(E) The amount necessary to make the adjusted gross income of any taxpayer that owns property for which bonus depreciation was allowed in the current taxable year or in an earlier taxable year equal to the amount of adjusted gross income that would have been computed had an election not been made under Section 168(k) of the Internal Revenue Code to apply bonus depreciation.

(F) The amount necessary to make the adjusted gross income of any taxpayer that placed Section 179 property (as defined in Section 179 of the Internal Revenue Code) in service in the current taxable year or in an earlier taxable year equal to the amount of adjusted gross income that would have been computed had an election for federal income tax purposes not been made for the year in which the property was placed in service to take deductions under Section 179 of the Internal Revenue Code in a total amount exceeding twenty-five thousand dollars ($25,000).

(G) Income that is:

(i) exempt from taxation under IC 6-3-2-21.7; and

(ii) included in the taxpayer's taxable income under the Internal Revenue Code.

(b) In the case of a credit union, "adjusted gross income" for a taxable year means the total transfers to undivided earnings minus dividends for that taxable year after statutory reserves are set aside under IC 28-7-1-24.

(c) In the case of an investment company, "adjusted gross income" means the company's federal taxable income multiplied by the quotient of:

(1) the aggregate of the gross payments collected by the company during the taxable year from old and new business upon

investment contracts issued by the company and held by residents of Indiana; divided by

(2) the total amount of gross payments collected during the taxable year by the company from the business upon investment contracts issued by the company and held by persons residing within Indiana and elsewhere.

(d) As used in subsection (c), "investment company" means a person, copartnership, association, limited liability company, or corporation, whether domestic or foreign, that:

(1) is registered under the Investment Company Act of 1940 (15 U.S.C. 80a-1 et seq.); and

(2) solicits or receives a payment to be made to itself and issues in exchange for the payment:

(A) a so-called bond;

(B) a share;

(C) a coupon;

(D) a certificate of membership;

(E) an agreement;

(F) a pretended agreement; or

(G) other evidences of obligation;

entitling the holder to anything of value at some future date, if the gross payments received by the company during the taxable year on outstanding investment contracts, plus interest and dividends earned on those contracts (by prorating the interest and dividends earned on investment contracts by the same proportion that certificate reserves (as defined by the Investment Company Act of 1940) is to the company's total assets) is at least fifty percent (50%) of the company's gross payments upon investment contracts plus gross income from all other sources except dividends from subsidiaries for the taxable year. The term "investment contract" means an instrument listed in clauses (A) through (G).

SECTION 16. IC 6-5.5-1-21 IS ADDED TO THE INDIANA CODE AS A **NEW** SECTION TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2009]: **Sec. 21. (a) Except as provided in subsection (b), "captive real estate investment trust" means a corporation, a trust, or an association:**

(1) that is considered a real estate investment trust for the taxable year under Section 856 of the Internal Revenue Code;

(2) that is not regularly traded on an established securities market; and

(3) in which more than fifty percent (50%) of the:

(A) voting power;

(B) beneficial interests; or

(C) shares;

are owned or controlled, directly or constructively, by a single entity that is subject to Subchapter C of Chapter 1 of the Internal Revenue Code.

(b) The term does not include a corporation, a trust, or an association in which more than fifty percent (50%) of the entity's voting power, beneficial interests, or shares are owned by a single entity described in subsection (a)(3) that is owned or controlled, directly or constructively, by:

(1) a corporation, a trust, or an association that is considered a real estate investment trust under Section 856 of the Internal Revenue Code;

(2) a person exempt from taxation under Section 501 of the Internal Revenue Code; or

(3) a real estate investment trust that:

(A) is intended to become regularly traded on an established securities market; and

(B) satisfies the requirements of Section 856(a)(5) and 856(a)(6) of the Internal Revenue Code under Section 856(h) of the Internal Revenue Code.

(c) For purposes of this section, the constructive ownership rules of Section 318 of the Internal Revenue Code, as modified by Section 856(d)(5) of the Internal Revenue Code, apply to the determination of the ownership of stock, assets, or net profits of any person.

SECTION 17. IC 6-7-1-17, AS AMENDED BY P.L.218-2007, SECTION 3, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2008]: Sec. 17. (a) Distributors who hold certificates and retailers shall be agents of the state in the collection of the taxes imposed by this chapter and the amount of the tax levied, assessed, and imposed by this chapter on cigarettes sold, exchanged, bartered, furnished, given away, or otherwise disposed of by distributors or to retailers. Distributors who hold certificates shall be agents of the department to affix the required stamps and shall be entitled to purchase the stamps from the department at a discount of one and two-tenths cents ($0.012) per individual package of cigarettes as compensation for their labor and expense.

(b) The department may permit distributors who hold certificates and who are admitted to do business in Indiana to pay for revenue stamps within thirty (30) days after the date of purchase. However, the

privilege is extended upon the express condition that:

(1) except as provided in subsection (c), a bond or letter of credit satisfactory to the department, in an amount not less than the sales price of the stamps, is filed with the department; ~~and~~

(2) proof of payment is made of all ~~local~~ property **taxes,** ~~state income,~~ ~~and~~ excise taxes, **and listed taxes (as defined in IC 6-8.1-1-1)** for which any such distributor may be liable; **and**

(3) payment for the revenue stamps must be made by electronic funds transfer (as defined in IC 4-8.1-2-7).

The bond or letter of credit, conditioned to secure payment for the stamps, shall be executed by the distributor as principal and by a corporation duly authorized to engage in business as a surety company or financial institution in Indiana.

(c) If a distributor has at least five (5) consecutive years of good credit standing with the state, the distributor shall not be required to post a bond or letter of credit under subsection (b).

SECTION 18. IC 6-8.1-7-1, AS AMENDED BY P.L.219-2007, SECTION 92, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2008]: Sec. 1. (a) This subsection does not apply to the disclosure of information concerning a conviction on a tax evasion charge. Unless in accordance with a judicial order or as otherwise provided in this chapter, the department, its employees, former employees, counsel, agents, or any other person may not divulge the amount of tax paid by any taxpayer, terms of a settlement agreement executed between a taxpayer and the department, investigation records, investigation reports, or any other information disclosed by the reports filed under the provisions of the law relating to any of the listed taxes, including required information derived from a federal return, except to:

(1) members and employees of the department;

(2) the governor;

(3) the attorney general or any other legal representative of the state in any action in respect to the amount of tax due under the provisions of the law relating to any of the listed taxes; or

(4) any authorized officers of the United States;

when it is agreed that the information is to be confidential and to be used solely for official purposes.

(b) The information described in subsection (a) may be revealed upon the receipt of a certified request of any designated officer of the state tax department of any other state, district, territory, or possession of the United States when:

(1) the state, district, territory, or possession permits the exchange of like information with the taxing officials of the state; and

(2) it is agreed that the information is to be confidential and to be used solely for tax collection purposes.

(c) The information described in subsection (a) relating to a person on public welfare or a person who has made application for public welfare may be revealed to the director of the division of family resources, and to any director of a county office of family and children located in Indiana, upon receipt of a written request from either director for the information. The information shall be treated as confidential by the directors. In addition, the information described in subsection (a) relating to a person who has been designated as an absent parent by the state Title IV-D agency shall be made available to the state Title IV-D agency upon request. The information shall be subject to the information safeguarding provisions of the state and federal Title IV-D programs.

(d) The name, address, Social Security number, and place of employment relating to any individual who is delinquent in paying educational loans owed to a postsecondary educational institution may be revealed to that institution if it provides proof to the department that the individual is delinquent in paying for educational loans. This information shall be provided free of charge to approved postsecondary educational institutions (as defined by IC 21-7-13-6(a)). The department shall establish fees that all other institutions must pay to the department to obtain information under this subsection. However, these fees may not exceed the department's administrative costs in providing the information to the institution.

(e) The information described in subsection (a) relating to reports submitted under IC 6-6-1.1-502 concerning the number of gallons of gasoline sold by a distributor and IC 6-6-2.5 concerning the number of gallons of special fuel sold by a supplier and the number of gallons of special fuel exported by a licensed exporter or imported by a licensed transporter may be released by the commissioner upon receipt of a written request for the information.

(f) The information described in subsection (a) may be revealed upon the receipt of a written request from the administrative head of a state agency of Indiana when:

(1) the state agency shows an official need for the information; and

(2) the administrative head of the state agency agrees that any information released will be kept confidential and will be used solely for official purposes.

(g) The information described in subsection (a) may be revealed upon the receipt of a written request from the chief law

enforcement officer of a state or local law enforcement agency in Indiana, when it is agreed that the information is to be confidential and to be used solely for official purposes.

~~(g)~~ **(h)** The name and address of retail merchants, including township, as specified in IC 6-2.5-8-1(j) may be released solely for tax collection purposes to township assessors and county assessors.

~~(h)~~ **(i)** The department shall notify the appropriate innkeepers' tax board, bureau, or commission that a taxpayer is delinquent in remitting innkeepers' taxes under IC 6-9.

~~(i)~~ **(j)** All information relating to the delinquency or evasion of the motor vehicle excise tax may be disclosed to the bureau of motor vehicles in Indiana and may be disclosed to another state, if the information is disclosed for the purpose of the enforcement and collection of the taxes imposed by IC 6-6-5.

~~(j)~~ **(k)** All information relating to the delinquency or evasion of commercial vehicle excise taxes payable to the bureau of motor vehicles in Indiana may be disclosed to the bureau and may be disclosed to another state, if the information is disclosed for the purpose of the enforcement and collection of the taxes imposed by IC 6-6-5.5.

~~(k)~~ **(l)** All information relating to the delinquency or evasion of commercial vehicle excise taxes payable under the International Registration Plan may be disclosed to another state, if the information is disclosed for the purpose of the enforcement and collection of the taxes imposed by IC 6-6-5.5.

~~(l)~~ **(m)** This section does not apply to:

(1) the beer excise tax (IC 7.1-4-2);
(2) the liquor excise tax (IC 7.1-4-3);
(3) the wine excise tax (IC 7.1-4-4);
(4) the hard cider excise tax (IC 7.1-4-4.5);
(5) the malt excise tax (IC 7.1-4-5);
(6) the motor vehicle excise tax (IC 6-6-5);
(7) the commercial vehicle excise tax (IC 6-6-5.5); and
(8) the fees under IC 13-23.

~~(m)~~ **(n)** The name and business address of retail merchants within each county that sell tobacco products may be released to the division of mental health and addiction and the alcohol and tobacco commission solely for the purpose of the list prepared under IC 6-2.5-6-14.2.

SECTION 19. IC 6-8.1-10-3.5 IS ADDED TO THE INDIANA CODE AS A **NEW** SECTION TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2009]: **Sec. 3.5. If a person fails to file a return on or before the due date as required by IC 6-3-4-1(1) or**

IC 6-3-4-1(2), where no remittance is due with the return, the person is subject to a penalty of ten dollars ($10) per day for each day that the return is past due, up to a maximum of five hundred dollars ($500).

SECTION 20. IC 6-8.1-10-5 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2008]: Sec. 5. (a) If a person makes a tax payment with a check, **credit card, debit card, or electronic funds transfer,** and the department is unable to obtain payment on the check, **credit card, debit card, or electronic funds transfer** for its full face amount when the check, **credit card, debit card, or electronic funds transfer** is presented for payment through normal banking channels, a penalty of ten percent (10%) of the unpaid tax or the ~~face~~ value of the check, **credit card, debit card, or electronic funds transfer,** whichever is smaller, is imposed.

(b) When a penalty is imposed under subsection (a), the department shall notify the person by mail that the check, **credit card, debit card, or electronic funds transfer** was not honored and that the person has ten (10) days after the date the notice is mailed to pay the tax and the penalty either in cash, by certified check, or other guaranteed payment. If the person fails to make the payment within the ten (10) day period, the penalty is increased to one hundred percent (100%) multiplied by the ~~face~~ value of the check, **credit card, debit card, or electronic funds transfer,** or the unpaid tax, whichever is smaller.

(c) If the person subject to the penalty under this section can show that there is reasonable cause for the check, **credit card, debit card, or electronic funds transfer** not being honored, the department may waive the penalty imposed under this section.".

Page 10, after line 37, begin a new paragraph and insert:

"SECTION 22. [EFFECTIVE JANUARY 1, 2009] **IC 6-2.5-6-1, as amended by this act, applies to reporting periods beginning after December 31, 2008.**

SECTION 23. [EFFECTIVE JULY 1, 2008] **IC 6-2.5-6-9, as amended by this act, is intended to be a clarification of the law and not a substantive change in the law.**

SECTION 24. [EFFECTIVE JANUARY 1, 2008 (RETROACTIVE)] **IC 6-3-3-12, as amended by this act, applies to taxable years beginning after December 31, 2007.**

SECTION 25. [EFFECTIVE JANUARY 1, 2009] **IC 6-3-4-1.5, as amended by this act, applies to adjusted gross income tax returns filed after December 31, 2008.**

SECTION 26. [EFFECTIVE JANUARY 1, 2009] **IC 6-3.1-21-6 and IC 6-5.5-1-2, both as amended by this act, and IC 6-5.5-1-21**

and IC 6-8.1-10-3.5, both as added by this act, apply to taxable years beginning after December 31, 2008.

SECTION 27. **An emergency is declared for this act.**".

Renumber all SECTIONS consecutively.

and when so amended that said bill do pass.

(Reference is to SB 19 as introduced.)

KENLEY, Chairperson

Committee Vote: Yeas 10, Nays 0.

SENATE MOTION

Madam President: I move that Senator Riegsecker be added as coauthor of Senate Bill 19.

KENLEY

SENATE MOTION

Madam President: I move that Senate Bill 19 be amended to read as follows:

Page 1, between the enacting clause and line 1, begin a new paragraph and insert:

"SECTION 1. IC 6-2.3-3-5 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 5. (a) Gross receipts do not include a wholesale sale to another generator or reseller of utility services.

(b) A sale is a retail sale if the taxpayer sells utility services to a buyer that subsequently makes a sale described in IC 6-2.3-4-5.

(c) A sale of utility services is a wholesale sale if the utility services are natural gas and the buyer consumes the natural gas in the direct production of electricity to be sold by the buyer.".

Page 6, line 42, strike "that is not a college choice 529 education savings" and insert "**or to any other similar**".

Page 15, delete lines 32 through 35, begin a new paragraph and insert:

"**(b) The department and the office of management and budget shall:**

(1) develop a monthly report that summarizes the information

obtained by the department under section 4.1(h) of this chapter, section 15.7(a)(3) of this chapter, IC 6-3.5-1.1-18(c), IC 6-3.5-6-22(c), IC 6-3.5-7-18(c), and IC 6-3.5-8-22(c);
(2) make the monthly report available to county auditors; and
(3) maintain the information referred to in subdivision (1) for all payments made toward a taxpayer's annual income tax liability.".

Page 18, delete lines 19 through 42.

Delete pages 19 through 21.

Page 22, delete lines 1 through 18.

Renumber all SECTIONS consecutively.

(Reference is to SB 19 as printed January 17, 2008.)

KENLEY

SENATE MOTION

Madam President: I move that Senate Bill 19 be amended to read as follows:

Page 16, between lines 34 and 35, begin a new paragraph and insert:

"SECTION 12. IC 6-3.5-1.1-26, AS ADDED BY P.L.224-2007, SECTION 68, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 26. (a) A county council may impose a tax rate under this section to provide property tax relief to political subdivisions in the county. A county council is not required to impose any other tax before imposing a tax rate under this section.

(b) A tax rate under this section may be imposed in increments of five hundredths of one percent (0.05%) determined by the county council. A tax rate under this section may not exceed one percent (1%).

(c) A tax rate under this section is in addition to any other tax rates imposed under this chapter and does not affect the purposes for which other tax revenue under this chapter may be used.

(d) If a county council adopts an ordinance to impose or increase a tax rate under this section, the county auditor shall send a certified copy of the ordinance to the department and the department of local government finance by certified mail.

(e) A tax rate under this section may be imposed, increased, decreased, or rescinded by a county council at the same time and in the same manner that the county council may impose or increase a tax rate under section 24 of this chapter.

(f) Tax revenue attributable to a tax rate under this section may be

used for any combination of the following purposes, as specified by ordinance of the county council:

(1) **Except as provided in subsection (j),** the tax revenue may be used to provide local property tax replacement credits at a uniform rate to all taxpayers in the county. Any tax revenue that is attributable to the tax rate under this section and that is used to provide local property tax replacement credits under this subdivision shall be distributed to civil taxing units and school corporations in the county in the same manner that certified distributions are allocated as property tax replacement credits under section 12 of this chapter. The department of local government finance shall provide each county auditor with the amount of property tax replacement credits that each civil taxing unit and school corporation in the auditor's county is entitled to receive under this subdivision. The county auditor shall then certify to each civil taxing unit and school corporation the amount of property tax replacement credits the civil taxing unit or school corporation is entitled to receive under this subdivision during that calendar year.

(2) The tax revenue may be used to uniformly increase the homestead credit percentage in the county. The additional homestead credits shall be treated for all purposes as property tax levies. The additional homestead credits do not reduce the basis for determining the state homestead credit under IC 6-1.1-20.9. The additional homestead credits shall be applied to the net property taxes due on the homestead after the application of all other assessed value deductions or property tax deductions and credits that apply to the amount owed under IC 6-1.1. The department of local government finance shall determine the additional homestead credit percentage for a particular year based on the amount of tax revenue that will be used under this subdivision to provide additional homestead credits in that year.

(3) The tax revenue may be used to provide local property tax replacement credits at a uniform rate for all qualified residential property (as defined in IC 6-1.1-20.6-4) in the county. Any tax revenue that is attributable to the tax rate under this section and that is used to provide local property tax replacement credits under this subdivision shall be distributed to civil taxing units and school corporations in the county in the same manner that certified distributions are allocated as property tax replacement credits under section 12 of this chapter. The department of local government finance shall provide each county auditor with the

amount of property tax replacement credits that each civil taxing unit and school corporation in the auditor's county is entitled to receive under this subdivision. The county auditor shall then certify to each civil taxing unit and school corporation the amount of property tax replacement credits the civil taxing unit or school corporation is entitled to receive under this subdivision during that calendar year.

(g) The tax rate under this section and the tax revenue attributable to the tax rate under this section shall not be considered for purposes of computing:

(1) the maximum income tax rate that may be imposed in a county under section 2 of this chapter or any other provision of this chapter;

(2) the maximum permissible property tax levy under STEP EIGHT of IC 6-1.1-18.5-3(b); or

(3) the total county tax levy under IC 6-1.1-21-2(g)(3), IC 6-1.1-21-2(g)(4), or IC 6-1.1-21-2(g)(5).

(h) Tax revenue under this section shall be treated as a part of the receiving civil taxing unit's or school corporation's property tax levy for that year for purposes of fixing the budget of the civil taxing unit or school corporation and for determining the distribution of taxes that are distributed on the basis of property tax levies.

(i) The department of local government finance and the department of state revenue may take any actions necessary to carry out the purposes of this section.

(j) A taxpayer that owns an industrial plant located in Jasper County is ineligible for a local property tax replacement credit under this section against the property taxes due on the industrial plant if the assessed value of the industrial plant as of March 1, 2006, exceeds twenty percent (20%) of the total assessed value of all taxable property in the county on that date.".

Page 17, between lines 15 and 16, begin a new paragraph and insert:

"SECTION 14. IC 6-3.5-6-32, AS ADDED BY P.L.224-2007, SECTION 85, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 32. (a) A county income tax council may impose a tax rate under this section to provide property tax relief to political subdivisions in the county. A county income tax council is not required to impose any other tax before imposing a tax rate under this section.

(b) A tax rate under this section may be imposed in increments of five hundredths of one percent (0.05%) determined by the county income tax council. A tax rate under this section may not exceed one

percent (1%).

(c) A tax rate under this section is in addition to any other tax rates imposed under this chapter and does not affect the purposes for which other tax revenue under this chapter may be used.

(d) If a county income tax council adopts an ordinance to impose or increase a tax rate under this section, the county auditor shall send a certified copy of the ordinance to the department and the department of local government finance by certified mail.

(e) A tax rate under this section may be imposed, increased, decreased, or rescinded at the same time and in the same manner that the county income tax council may impose or increase a tax rate under section 30 of this chapter.

(f) Tax revenue attributable to a tax rate under this section may be used for any combination of the following purposes, as specified by ordinance of the county income tax council:

(1) **Except as provided in subsection (k),** the tax revenue may be used to provide local property tax replacement credits at a uniform rate to civil taxing units and school corporations in the county. The amount of property tax replacement credits that each civil taxing unit and school corporation in a county is entitled to receive under this subdivision during a calendar year equals the product of:

(A) the tax revenue attributable to a tax rate under this section that is dedicated to property tax replacement credits under this subdivision; multiplied by

(B) the following fraction:

(i) The numerator of the fraction equals the total property taxes being collected in the county by the civil taxing unit or school corporation during the calendar year of the distribution.

(ii) The denominator of the fraction equals the sum of the total property taxes being collected in the county by all civil taxing units and school corporations of the county during the calendar year of the distribution.

The department of local government finance shall provide each county auditor with the amount of property tax replacement credits that each civil taxing unit and school corporation in the auditor's county is entitled to receive under this subdivision. The county auditor shall then certify to each civil taxing unit and school corporation the amount of property tax replacement credits the civil taxing unit or school corporation is entitled to receive under this subdivision during that calendar year. The county

auditor shall also certify these distributions to the county treasurer. Except as provided in subsection (g), the local property tax replacement credits shall be treated for all purposes as property tax levies.

(2) The tax revenue may be used to uniformly increase the homestead credit percentage in the county. The additional homestead credits shall be treated for all purposes as property tax levies. The additional homestead credits do not reduce the basis for determining the state homestead credit under IC 6-1.1-20.9. The additional homestead credits shall be applied to the net property taxes due on the homestead after the application of all other assessed value deductions or property tax deductions and credits that apply to the amount owed under IC 6-1.1. The department of local government finance shall determine the additional homestead credit percentage for a particular year based on the amount of tax revenue that will be used under this subdivision to provide additional homestead credits in that year.

(3) The tax revenue may be used to provide local property tax replacement credits at a uniform rate for all qualified residential property (as defined in IC 6-1.1-20.6-4) in the county. The amount of property tax replacement credits that each civil taxing unit and school corporation in a county is entitled to receive under this subdivision during a calendar year equals the product of:

(A) the tax revenue attributable to a tax rate under this section that is dedicated to property tax replacement credits under this subdivision; multiplied by

(B) the following fraction:

(i) The numerator of the fraction equals the total property taxes being collected in the county by the civil taxing unit or school corporation during the calendar year of the distribution.

(ii) The denominator of the fraction equals the sum of the total property taxes being collected in the county by all civil taxing units and school corporations of the county during the calendar year of the distribution.

The department of local government finance shall provide each county auditor with the amount of property tax replacement credits that each civil taxing unit and school corporation in the auditor's county is entitled to receive under this subdivision. The county auditor shall then certify to each civil taxing unit and school corporation the amount of property tax replacement credits the civil taxing unit or school corporation is entitled to receive

under this subdivision during that calendar year. The county auditor shall also certify these distributions to the county treasurer. Except as provided in subsection (g), the local property tax replacement credits shall be treated for all purposes as property tax levies.

(g) The tax rate under this section shall not be considered for purposes of computing:

(1) the maximum income tax rate that may be imposed in a county under section 8 or 9 of this chapter or any other provision of this chapter; or

(2) the maximum permissible property tax levy under STEP EIGHT of IC 6-1.1-18.5-3(b).

(h) Tax revenue under this section shall be treated as a part of the receiving civil taxing unit's or school corporation's property tax levy for that year for purposes of fixing the budget of the civil taxing unit or school corporation and for determining the distribution of taxes that are distributed on the basis of property tax levies.

(i) The department of local government finance and the department of state revenue may take any actions necessary to carry out the purposes of this section.

(j) Notwithstanding any other provision, in Lake County the county council (and not the county income tax council) is the entity authorized to take actions concerning the tax rate under this section.

(k) A taxpayer that owns an industrial plant located in Jasper County is ineligible for a local property tax replacement credit under this section against the property taxes due on the industrial plant if the assessed value of the industrial plant as of March 1, 2006, exceeds twenty percent (20%) of the total assessed value of all taxable property in the county on that date.".

Page 26, between lines 38 and 39, begin a new paragraph and insert:

"SECTION 29. [EFFECTIVE UPON PASSAGE] **IC 6-3.5-1.1-26 and IC 6-3.5-6-32, both as amended by this act, apply to property taxes first due and payable after December 31, 2007.**".

Renumber all SECTIONS consecutively.

(Reference is to SB 19 as printed January 17, 2008.)

HERSHMAN

COMMITTEE REPORT

Mr. Speaker: Your Committee on Ways and Means, to which was referred Senate Bill 19, has had the same under consideration and begs leave to report the same back to the House with the recommendation that said bill be amended as follows:

Page 1, between the enacting clause and line 1, begin a new paragraph and insert:

"SECTION 1. IC 6-1.1-12.1-4.5, AS AMENDED BY P.L.137-2007, SECTION 3, AND AS AMENDED BY P.L.219-2007, SECTION 31, IS CORRECTED AND AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2008 (RETROACTIVE)]: Sec. 4.5. (a) For purposes of this section, "personal property" means personal property other than inventory (as defined in IC 6-1.1-3-11(a)).

(b) An applicant must provide a statement of benefits to the designating body. The applicant must provide the completed statement of benefits form to the designating body before the hearing specified in section 2.5(c) of this chapter or before the installation of the new manufacturing equipment, new research and development equipment, new logistical distribution equipment, or new information technology equipment for which the person desires to claim a deduction under this chapter. The department of local government finance shall prescribe a form for the statement of benefits. The statement of benefits must include the following information:

(1) A description of the new manufacturing equipment, new research and development equipment, new logistical distribution equipment, or new information technology equipment that the person proposes to acquire.

(2) With respect to:

(A) new manufacturing equipment not used to dispose of solid waste or hazardous waste by converting the solid waste or hazardous waste into energy or other useful products; and

(B) new research and development equipment, new logistical distribution equipment, or new information technology equipment;

an estimate of the number of individuals who will be employed or whose employment will be retained by the person as a result of the installation of the new manufacturing equipment, new research and development equipment, new logistical distribution equipment, or new information technology equipment and an estimate of the annual salaries of these individuals.

(3) An estimate of the cost of the new manufacturing equipment, new research and development equipment, new logistical

distribution equipment, or new information technology equipment.

(4) With respect to new manufacturing equipment used to dispose of solid waste or hazardous waste by converting the solid waste or hazardous waste into energy or other useful products, an estimate of the amount of solid waste or hazardous waste that will be converted into energy or other useful products by the new manufacturing equipment.

The statement of benefits may be incorporated in a designation application. Notwithstanding any other law, a statement of benefits is a public record that may be inspected and copied under IC 5-14-3-3.

(c) The designating body must review the statement of benefits required under subsection (b). The designating body shall determine whether an area should be designated an economic revitalization area or whether the deduction shall be allowed, based on (and after it has made) the following findings:

(1) Whether the estimate of the cost of the new manufacturing equipment, new research and development equipment, new logistical distribution equipment, or new information technology equipment is reasonable for equipment of that type.

(2) With respect to:

(A) new manufacturing equipment not used to dispose of solid waste or hazardous waste by converting the solid waste or hazardous waste into energy or other useful products; and

(B) new research and development equipment, new logistical distribution equipment, or new information technology equipment;

whether the estimate of the number of individuals who will be employed or whose employment will be retained can be reasonably expected to result from the installation of the new manufacturing equipment, new research and development equipment, new logistical distribution equipment, or new information technology equipment.

(3) Whether the estimate of the annual salaries of those individuals who will be employed or whose employment will be retained can be reasonably expected to result from the proposed installation of new manufacturing equipment, new research and development equipment, new logistical distribution equipment, or new information technology equipment.

(4) With respect to new manufacturing equipment used to dispose of solid waste or hazardous waste by converting the solid waste or hazardous waste into energy or other useful products, whether

the estimate of the amount of solid waste or hazardous waste that will be converted into energy or other useful products can be reasonably expected to result from the installation of the new manufacturing equipment.

(5) Whether any other benefits about which information was requested are benefits that can be reasonably expected to result from the proposed installation of new manufacturing equipment, new research and development equipment, new logistical distribution equipment, or new information technology equipment.

(6) Whether the totality of benefits is sufficient to justify the deduction.

The designating body may not designate an area an economic revitalization area or approve the deduction unless it makes the findings required by this subsection in the affirmative.

(d) Except as provided in subsection (h), and subject to subsection (i) *and section 15 of this chapter,* an owner of new manufacturing equipment, new research and development equipment, new logistical distribution equipment, or new information technology equipment whose statement of benefits is approved after June 30, 2000, is entitled to a deduction from the assessed value of that equipment for the number of years determined by the designating body under subsection (g). Except as provided in subsection (f) and in section 2(i)(3) of this chapter, and subject to subsection (i) *and section 15 of this chapter,* the amount of the deduction that an owner is entitled to for a particular year equals the product of:

(1) the assessed value of the new manufacturing equipment, new research and development equipment, new logistical distribution equipment, or new information technology equipment in the year of deduction under the appropriate table set forth in subsection (e); multiplied by

(2) the percentage prescribed in the appropriate table set forth in subsection (e).

(e) The percentage to be used in calculating the deduction under subsection (d) is as follows:

(1) For deductions allowed over a one (1) year period:

YEAR OF DEDUCTION	PERCENTAGE
1st	100%
2nd and thereafter	0%

(2) For deductions allowed over a two (2) year period:

YEAR OF DEDUCTION	PERCENTAGE
1st	100%

2nd	50%
3rd and thereafter	0%

(3) For deductions allowed over a three (3) year period:

YEAR OF DEDUCTION	PERCENTAGE
1st	100%
2nd	66%
3rd	33%
4th and thereafter	0%

(4) For deductions allowed over a four (4) year period:

YEAR OF DEDUCTION	PERCENTAGE
1st	100%
2nd	75%
3rd	50%
4th	25%
5th and thereafter	0%

(5) For deductions allowed over a five (5) year period:

YEAR OF DEDUCTION	PERCENTAGE
1st	100%
2nd	80%
3rd	60%
4th	40%
5th	20%
6th and thereafter	0%

(6) For deductions allowed over a six (6) year period:

YEAR OF DEDUCTION	PERCENTAGE
1st	100%
2nd	85%
3rd	66%
4th	50%
5th	34%
6th	25%
7th and thereafter	0%

(7) For deductions allowed over a seven (7) year period:

YEAR OF DEDUCTION	PERCENTAGE
1st	100%
2nd	85%
3rd	71%
4th	57%
5th	43%
6th	29%
7th	14%
8th and thereafter	0%

(8) For deductions allowed over an eight (8) year period:

YEAR OF DEDUCTION	PERCENTAGE
1st	100%
2nd	88%
3rd	75%
4th	63%
5th	50%
6th	38%
7th	25%
8th	13%
9th and thereafter	0%

(9) For deductions allowed over a nine (9) year period:

YEAR OF DEDUCTION	PERCENTAGE
1st	100%
2nd	88%
3rd	77%
4th	66%
5th	55%
6th	44%
7th	33%
8th	22%
9th	11%
10th and thereafter	0%

(10) For deductions allowed over a ten (10) year period:

YEAR OF DEDUCTION	PERCENTAGE
1st	100%
2nd	90%
3rd	80%
4th	70%
5th	60%
6th	50%
7th	40%
8th	30%
9th	20%
10th	10%
11th and thereafter	0%

(f) With respect to new manufacturing equipment and new research and development equipment installed before March 2, 2001, the deduction under this section is the amount that causes the net assessed value of the property after the application of the deduction under this section to equal the net assessed value after the application of the deduction under this section that results from computing:

(1) the deduction under this section as in effect on March 1, 2001; and

(2) the assessed value of the property under 50 IAC 4.2, as in effect on March 1, 2001, or, in the case of property subject to IC 6-1.1-8, 50 IAC 5.1, as in effect on March 1, 2001.

(g) For an economic revitalization area designated before July 1, 2000, the designating body shall determine whether a property owner whose statement of benefits is approved after April 30, 1991, is entitled to a deduction for five (5) or ten (10) years. For an economic revitalization area designated after June 30, 2000, the designating body shall determine the number of years the deduction is allowed. However, the deduction may not be allowed for more than ten (10) years. This determination shall be made:

(1) as part of the resolution adopted under section 2.5 of this chapter; or

(2) by resolution adopted within sixty (60) days after receiving a copy of a property owner's certified deduction application from the county auditor. A certified copy of the resolution shall be sent to the county auditor.

A determination about the number of years the deduction is allowed that is made under subdivision (1) is final and may not be changed by following the procedure under subdivision (2).

(h) The owner of new manufacturing equipment that is directly used to dispose of hazardous waste is not entitled to the deduction provided by this section for a particular assessment year if during that assessment year the owner:

(1) is convicted of a *criminal* violation under *IC 13, including* IC 13-7-13-3 (repealed) *or* IC 13-7-13-4 (repealed); ~~*or IC 13-30-6,*~~ or

(2) is subject to an order or a consent decree with respect to property located in Indiana based on a violation of a federal or state rule, regulation, or statute governing the treatment, storage, or disposal of hazardous wastes that had a major or moderate potential for harm.

(i) **This subsection applies only to new manufacturing equipment, new research and development equipment, new logistical distribution equipment, or new information technology equipment whose statement of benefits was initially approved by a designating body after December 31, 2005.** For purposes of subsection (d), the assessed value of new manufacturing equipment, new research and development equipment, new logistical distribution equipment, or new information technology equipment that is part of an

owner's assessable depreciable personal property in a single taxing district subject to the valuation limitation in 50 IAC 4.2-4-9 or 50 IAC 5.1-6-9 is the product of:

(1) the assessed value of the equipment determined without regard to the valuation limitation in 50 IAC 4.2-4-9 or 50 IAC 5.1-6-9; multiplied by

(2) the quotient of:

(A) the amount of the valuation limitation determined under 50 IAC 4.2-4-9 or 50 IAC 5.1-6-9 for all of the owner's depreciable personal property in the taxing district; divided by

(B) the total true tax value of all of the owner's depreciable personal property in the taxing district that is subject to the valuation limitation in 50 IAC 4.2-4-9 or 50 IAC 5.1-6-9 determined:

(i) under the depreciation schedules in the rules of the department of local government finance before any adjustment for abnormal obsolescence; and

(ii) without regard to the valuation limitation in 50 IAC 4.2-4-9 or 50 IAC 5.1-6-9.

SECTION 2. IC 6-1.1-40-10, AS AMENDED BY P.L.219-2007, SECTION 84, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2008 (RETROACTIVE)]: Sec. 10. (a) Subject to subsection (e), an owner of new manufacturing equipment or inventory, or both, whose statement of benefits is approved is entitled to a deduction from the assessed value of that equipment and inventory for a period of ten (10) years. Except as provided in subsections (c) and (d), and subject to subsection (e) and section 14 of this chapter, for the first five (5) years, the amount of the deduction for new manufacturing equipment that an owner is entitled to for a particular year equals the assessed value of the new manufacturing equipment. Subject to subsection (e) and section 14 of this chapter, for the sixth through the tenth year, the amount of the deduction equals the product of:

(1) the assessed value of the new manufacturing equipment; multiplied by

(2) the percentage prescribed in the following table:

YEAR OF DEDUCTION	PERCENTAGE
6th	100%
7th	95%
8th	80%
9th	65%
10th	50%
11th and thereafter	0%

(b) Subject to section 14 of this chapter, for the first year the amount of the deduction for inventory equals the assessed value of the inventory. Subject to section 14 of this chapter, for the next nine (9) years, the amount of the deduction equals:

(1) the assessed value of the inventory for that year; multiplied by

(2) the owner's export sales ratio for the previous year, as certified by the department of state revenue under IC 6-3-2-13.

(c) A deduction under this section is not allowed in the first year the deduction is claimed for new manufacturing equipment to the extent that it would cause the assessed value of all of the personal property of the owner in the taxing district in which the equipment is located to be less than the assessed value of all of the personal property of the owner in that taxing district in the immediately preceding year.

(d) If a deduction is not fully allowed under subsection (c) in the first year the deduction is claimed, then the percentages specified in subsection (a) apply in the subsequent years to the amount of deduction that was allowed in the first year.

(e) **This subsection applies only to new manufacturing equipment, new research and development equipment, new logistical distribution equipment, or new information technology equipment whose statement of benefits was initially approved by a designating body after December 31, 2005.** For purposes of subsection (a), the assessed value of new manufacturing equipment that is part of an owner's assessable depreciable personal property in a single taxing district subject to the valuation limitation in 50 IAC 4.2-4-9 or 50 IAC 5.1-6-9 is the product of:

(1) the assessed value of the equipment determined without regard to the valuation limitation in 50 IAC 4.2-4-9 or 50 IAC 5.1-6-9; multiplied by

(2) the quotient of:

(A) the amount of the valuation limitation determined under 50 IAC 4.2-4-9 or 50 IAC 5.1-6-9 for all of the owner's depreciable personal property in the taxing district; divided by

(B) the total true tax value of all of the owner's depreciable personal property in the taxing district that is subject to the valuation limitation in 50 IAC 4.2-4-9 or 50 IAC 5.1-6-9 determined:

(i) under the depreciation schedules in the rules of the department of local government finance before any adjustment for abnormal obsolescence; and

(ii) without regard to the valuation limitation in 50 IAC 4.2-4-9 or 50 IAC 5.1-6-9.".

Page 1, line 16, after "leases" insert "**or rents**".

Page 1, line 17, after "lessee" insert "**or renter**".

Page 2, line 1, after "lease" insert "**or rental**".

Page 2, line 4, delete "lessor" and insert "**retail merchant**".

Page 2, line 4, after "lease" insert "**or rental**".

Page 2, line 5, after "lessee" insert "**or renter**".

Page 2, between lines 5 and 6, begin a new paragraph and insert:

"SECTION 5. IC 6-2.5-5-41, AS AMENDED BY P.L.235-2007, SECTION 1, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2008]: Sec. 41. (a) As used in this section, "qualified media production" has the meaning set forth in IC 6-3.1-32-5.

(b) Except as provided in ~~subsections~~ **subsection** (d), ~~and (c),~~ a transaction involving tangible personal property is exempt from the state gross retail tax if the person acquiring the property acquires it for the person's direct use in a qualified media production in Indiana after December 31, 2006.

(c) For purposes of this section, the following are not considered to be directly used in the production of a qualified media production:

(1) Food and beverage services.

(2) A vehicle or other means of transportation used to transport actors, performers, crew members, or any other individual involved in a qualified media production.

(3) Fuel, parts, supplies, or other consumables used in a vehicle or other means of transportation used to transport actors, performers, crew members, or any other individual involved in a qualified media production.

(4) Lodging.

(5) Packaging materials.

(d) A person is not entitled to an exemption under this section with respect to a transaction involving tangible personal property that is:

(1) a qualified production expenditure (as defined in IC 6-3.1-32-6) for which a tax credit is claimed under IC 6-3.1-32; or

(2) acquired for direct use in a qualified media production in Indiana if the transaction occurs after December 31, ~~2008.~~ **2011.**".

Page 4, delete lines 9 through 42.

Delete page 5.

Page 6, delete lines 1 through 14.

Page 8, delete lines 24 through 42.

Page 9, delete lines 1 through 2.

Page 15, delete lines 34 through 42.

Page 16, delete lines 1 through 9, begin a new paragraph and insert:

"SECTION 11. IC 6-3-4-16 IS ADDED TO THE INDIANA CODE AS A **NEW** SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2008]: **Sec. 16. For individual income tax returns filed after December 31, 2010, the department shall develop procedures to implement a system of crosschecks between:**

(1) employer WH-3 forms (annual withholding tax reports) with accompanying W-2 forms; and

(2) individual taxpayer W-2 forms.

SECTION 12. IC 6-3-4-17 IS ADDED TO THE INDIANA CODE AS A **NEW** SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2008]: **Sec. 17. Beginning after December 31, 2010, the department and the office of management and budget shall:**

(1) develop a quarterly report that summarizes the amount reported to and processed by the department under section 4.1(h) of this chapter, section 15.7(a)(3) of this chapter, IC 6-3.5-1.1-18(c), IC 6-3.5-6-22(c), IC 6-3.5-7-18(c), and IC 6-3.5-8-22(c) for each county; and

(2) make the quarterly report available to county auditors within forty-five (45) days after the end of the calendar quarter.".

Page 16, between lines 28 and 29, begin a new paragraph and insert:

"SECTION 14. IC 6-3.1-32.3 IS ADDED TO THE INDIANA CODE AS A **NEW** CHAPTER TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2009]:

Chapter 32.3. Indiana New Markets Development Program

Sec. 1. As used in this chapter, "applicable percentage" means five percent (5%) for each credit allowance date.

Sec. 2. As used in this chapter, "corporation" refers to the Indiana economic development corporation.

Sec. 3. As used in this chapter, "credit allowance date", with respect to any qualified equity investment, means:

(1) the date on which the investment is initially made; and

(2) each of the subsequent six (6) anniversary dates of the date described in subdivision (1).

Sec. 4. As used in this chapter, "direct tracing" means the tracking, by accepted accounting methods, of the proceeds of qualified equity investments into qualified low income community investments.

Sec. 5. As used in this chapter, "long term debt security" means any debt instrument issued by a qualified community development entity, at par value or a premium, with an original maturity date of at least seven (7) years after the date of its issuance, with no

acceleration of repayment, amortization, or prepayment features before its original maturity date, and with no distribution, payment, or interest features related to the profitability of the qualified community development entity or the performance of the qualified community development entity's investment portfolio. This section does not limit the holder's ability to accelerate payments on the debt instrument in situations in which the issuer has defaulted on covenants designed to ensure compliance with this chapter or Section 45D of the Internal Revenue Code.

Sec. 6. As used in this chapter, "purchase price" means the amount paid to the issuer of a qualified equity investment for the qualified equity investment.

Sec. 7. As used in this chapter, "qualified active low-income community business" has the meaning set forth in Section 45D of the Internal Revenue Code.

Sec. 8. As used in this chapter, "qualified community development entity" means a qualified community development entity (as defined in Section 45D of the Internal Revenue Code) that has entered into an allocation agreement with the Community Development Financial Institutions Fund of the United States Treasury Department with respect to credits authorized by Section 45D of the Internal Revenue Code that includes Indiana within the service area set forth in the allocation agreement.

Sec. 9. As used in this chapter, "qualified equity investment" means any equity investment in, or long term debt security issued by, a qualified community development entity that:

(1) is acquired after December 31, 2008, at its original issuance solely in exchange for cash;

(2) has at least eighty-five percent (85%) of its cash purchase price used by the issuer to make qualified low income community investments; and

(3) is designated by the issuer as a qualified equity investment under this chapter.

The term includes an investment that does not meet the provisions of subdivision (1) if the investment was a qualified equity investment in the hands of a prior holder.

Sec. 10. As used in this chapter, "qualified low income community investment" means any capital or equity investment in, or loan to, any qualified active low-income community business. With respect to any one (1) qualified active low-income community business, the maximum amount of qualified low income community investments made in the business, on a collective basis with all of

its affiliates, may not exceed ten million dollars ($10,000,000) whether issued to one (1) or several qualified community development entities.

Sec. 11. As used in this chapter, "pass through entity" means a:

(1) corporation that is exempt from the adjusted gross income tax under IC 6-3-2-2.8(2);

(2) partnership;

(3) trust;

(4) limited liability company; or

(5) limited liability partnership;

that is not subject to state tax liability.

Sec. 12. As used in this chapter, "state credit" refers to a credit granted under this chapter against state tax liability.

Sec. 13. As used in this chapter, "state tax liability" means a taxpayer's total tax liability that is incurred under:

(1) IC 6-3-1 through IC 6-3-7 (the adjusted gross income tax);

(2) IC 27-1-18-2 (the insurance premiums tax); and

(3) IC 6-5.5 (the financial institutions tax);

as computed after the application of the credits that under IC 6-3.1-1-2 are to be applied before the credit provided by this chapter.

Sec. 14. As used in this chapter, "taxpayer" means an individual, a corporation, a partnership, or another entity that has state tax liability.

Sec. 15. A taxpayer that makes a qualified equity investment earns a vested right to state tax credits as follows:

(1) On each credit allowance date of the qualified equity investment, the taxpayer, or subsequent holder of the qualified equity investment, is entitled to a state tax credit during the taxable year including the credit allowance date.

(2) The state tax credit amount is equal to the applicable percentage multiplied by the purchase price paid to the issuer of the qualified equity investment.

(3) The amount of the state tax credit claimed may not exceed the amount of the taxpayer's state tax liability for the tax year for which the tax credit is claimed.

Sec. 16. A tax credit claimed under this chapter is not refundable or saleable on the open market.

Sec. 17. (a) If:

(1) a pass through entity does not have state tax liability against which the state credit may be applied; and

(2) the pass through entity would be eligible for a state credit

if the pass through entity were a taxpayer;

a shareholder, partner, or member of the pass through entity is entitled to a state credit under this chapter.

(b) Tax credits earned by a pass through entity may be allocated to the partners, members, or shareholders of the pass through entity for their direct use in accordance with the provisions of any agreement among the partners, members, or shareholders.

Sec. 18. (a) If the amount of a state credit for a taxpayer in a taxable year exceeds the taxpayer's state tax liability for that taxable year, the taxpayer may carry the excess over to not more than five (5) subsequent taxable years. The amount of the state credit carryover from a taxable year shall be reduced to the extent that the carryover is used by the taxpayer to obtain a state credit under this chapter for any subsequent taxable year.

(b) A taxpayer is not entitled to a carryback or refund of an unused state credit.

Sec. 19. The issuer of a qualified equity investment shall certify to the corporation the anticipated dollar amount of the investments to be made in Indiana during the first twelve (12) month period following the initial credit allowance date. If on the second credit allowance date, the actual dollar amount of the investments is different than the amount estimated, the corporation shall adjust the credits arising on the second allowance date to account for the difference.

Sec. 20. If the proceeds of a qualified equity investment are invested completely in qualified low income community investments in Indiana, the purchase price, for the purpose of calculating the state credit created by this chapter, equals one hundred percent (100%) of the qualified equity investment, regardless of the location of investments made with the proceeds of other qualified equity investments issued by the same qualified community development entity.

Sec. 21. To the extent a part of a qualified equity investment is not invested in Indiana, the purchase price must be reduced by the same ratio, independently of the location of investments made with proceeds of other qualified equity investments issued by the same qualified community development entity. In this case, the burden is on the qualified community development entity to establish the extent to which the qualified equity investments are fully invested in Indiana, either by:

(1) establishing that the qualified community development entity itself invests exclusively in Indiana; or

(2) otherwise establishing, through direct tracing, the part of a qualified equity investment invested solely in Indiana.

Sec. 22. The corporation shall recapture the tax credit allowed under this chapter from a taxpayer that claimed the credit on a return, if:

(1) any amount of the federal tax credit available with respect to a qualified equity investment that is eligible for a tax credit under this section is recaptured under Section 45D of the Internal Revenue Code; or

(2) subject to section 23 of this chapter, the issuer redeems or makes a principal repayment with respect to a qualified equity investment before the seventh anniversary of the issuance of the qualified equity investment.

If subdivision (1) applies, the corporation's recapture is proportionate to the federal recapture with respect to the qualified equity investment. If subdivision (2) applies, the corporation's recapture is proportionate to the amount of the redemption or repayment with respect to the qualified equity investment.

Sec. 23. For purposes of section 22(2) of this chapter, an investment shall be considered held by an issuer even if the investment has been sold or repaid if the issuer reinvests an amount equal to the capital returned to or recovered by the issuer from the original investment, exclusive of any profits realized, in another qualified low income community investment within twelve (12) months after receipt of the capital. An issuer may not be required to reinvest capital returned from qualified low income community investments after the sixth anniversary of the issuance of the qualified equity investment, the proceeds of which were used to make the qualified low income community investment. The qualified low income community investment shall be considered held by the issuer through the seventh anniversary of the qualified equity investment's issuance.

Sec. 24. The corporation shall give notice of an action taken under this chapter in the manner determined by the corporation.

Sec. 25. To apply a state credit against the taxpayer's state tax liability, a taxpayer must claim the state credit on the taxpayer's annual state tax return or returns in the manner prescribed by the department. A taxpayer claiming a state credit shall submit to the department the information the department determines is necessary for the department to determine whether the taxpayer is eligible for the state credit.

SECTION 15. IC 6-3.5-1.1-9, AS AMENDED BY P.L.224-2007,

SECTION 61, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2008]: Sec. 9. (a) Revenue derived from the imposition of the county adjusted gross income tax shall, in the manner prescribed by this section, be distributed to the county that imposed it. The amount to be distributed to a county during an ensuing calendar year equals the amount of county adjusted gross income tax revenue that the department, after reviewing the recommendation of the budget agency, determines has been:

(1) received from that county for a taxable year ending before the calendar year in which the determination is made; and

(2) reported on an annual return or amended return processed by the department in the state fiscal year ending before July 1 of the calendar year in which the determination is made;

as adjusted (as determined after review of the recommendation of the budget agency) for refunds of county adjusted gross income tax made in the state fiscal year.

(b) Before August 2 of each calendar year, the department, after reviewing the recommendation of the budget agency, shall certify to the county auditor of each adopting county the amount determined under subsection (a) plus the amount of interest in the county's account that has accrued and has not been included in a certification made in a preceding year. The amount certified is the county's "certified distribution" for the immediately succeeding calendar year. The amount certified shall be adjusted under subsections (c), (d), (e), (f), (g), and (h). The ~~department~~ **budget agency** shall provide **the county council** with ~~the certification~~ an informative summary of the calculations used to determine the certified distribution. **The summary of calculations must include:**

(1) the amount reported on individual income tax returns processed by the department during the previous fiscal year;

(2) adjustments for over distributions in prior years;

(3) adjustments for clerical or mathematical errors in prior years;

(4) adjustments for tax rate changes; and

(5) the amount of excess account balances to be distributed under IC 6-3.5-1.1-21.1.

The department shall also certify information concerning the part of the certified distribution that is attributable to a tax rate under section 24, 25, or 26 of this chapter. This information must be certified to the county auditor and to the department of local government finance not later than September 1 of each calendar year. The part of the certified distribution that is attributable to a tax rate under section 24, 25, or 26

of this chapter may be used only as specified in those provisions.

(c) The department shall certify an amount less than the amount determined under subsection (b) if the department, after reviewing the recommendation of the budget agency, determines that the reduced distribution is necessary to offset overpayments made in a calendar year before the calendar year of the distribution. The department, after reviewing the recommendation of the budget agency, may reduce the amount of the certified distribution over several calendar years so that any overpayments are offset over several years rather than in one (1) lump sum.

(d) The department, after reviewing the recommendation of the budget agency, shall adjust the certified distribution of a county to correct for any clerical or mathematical errors made in any previous certification under this section. The department, after reviewing the recommendation of the budget agency, may reduce the amount of the certified distribution over several calendar years so that any adjustment under this subsection is offset over several years rather than in one (1) lump sum.

(e) The department, after reviewing the recommendation of the budget agency, shall adjust the certified distribution of a county to provide the county with the distribution required under section 10(b) of this chapter.

(f) This subsection applies to a county that:

(1) initially imposes the county adjusted gross income tax; or

(2) increases the county adjusted income tax rate;

under this chapter in the same calendar year in which the department makes a certification under this section. The department, after reviewing the recommendation of the budget agency, shall adjust the certified distribution of a county to provide for a distribution in the immediately following calendar year and in each calendar year thereafter. The department shall provide for a full transition to certification of distributions as provided in subsection (a)(1) through (a)(2) in the manner provided in subsection (c).

(g) The department, after reviewing the recommendation of the budget agency, shall adjust the certified distribution of a county to provide the county with the distribution required under section 3.3 of this chapter beginning not later than the tenth month after the month in which additional revenue from the tax authorized under section 3.3 of this chapter is initially collected.

(h) This subsection applies in the year in which a county initially imposes a tax rate under section 24 of this chapter. Notwithstanding any other provision, the department shall adjust the part of the county's

certified distribution that is attributable to the tax rate under section 24 of this chapter to provide for a distribution in the immediately following calendar year equal to the result of:

(1) the sum of the amounts determined under STEP ONE through STEP FOUR of IC 6-3.5-1.5-1(a) in the year in which the county initially imposes a tax rate under section 24 of this chapter; multiplied by

(2) two (2).".

Page 17, delete lines 9 through 42.

Delete page 18.

Page 19, delete lines 1 through 18, begin a new paragraph and insert:

"SECTION 17. IC 6-3.5-1.1-27 IS ADDED TO THE INDIANA CODE AS A **NEW** SECTION TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: **Sec. 27. (a) As used in this section, "qualified residential property" has the meaning set forth in IC 6-1.1-20.6-4.**

(b) As used in this section, "school allocation area" means the area located within the boundaries of the area within a county served by a school corporation.

(c) As used in this section, "school allocation area account" means an account established by a county treasurer for each school allocation area located within the county.

(d) Notwithstanding any other law, revenues from a tax rate imposed under sections 24, 25, or 26 of this chapter may be distributed to each school allocation area account based on the proportion of the total assessed value of all qualified residential property located within the county in each school allocation area as compared to the total assessed value of all qualified residential property located in the county.

(e) Revenue in a school allocation area account may be used for one (1) or more of the following purposes:

(1) To replace all or part of the county's revenues reduced as a result of the application of the credits under IC 6-1.1-20.6 to property located within the school allocation area.

(2) If a county replaces all of the county's reduced revenues referred to in subdivision (1), the county may allocate additional revenue remaining in the school allocation area account as provided under subsection (g) to be held by the county auditor and applied as a uniform percentage to reduce property taxes levied by the county on qualified residential property within the school allocation area.

(3) To fund property tax relief, including replacement of revenues reduced as a result of the application of the credits under IC 6-1.1-20.6, in any:

(A) school corporation; or

(B) civil taxing unit, other than the county, within the school allocation area;

as determined by the county council.

The ordinance imposing a tax rate under this section must specify the purpose or purposes for which revenues from the tax rate will be used.

(f) If a county allocates revenue from a school allocation area account to replace the county's reduced revenues referred to in subsection (e)(1) attributable to a particular school allocation area, the county shall allocate revenues from all school allocation area accounts to replace the reduced revenues for all school allocation areas within the county. The amount of revenue that may be allocated by the county from each school allocation area account for purposes of this subsection is equal to the amount determined under STEP FIVE of the following formula:

STEP ONE: Determine the total amount of revenue that will be allocated for the purpose of replacing the county's reduced revenues referred to in subsection (e)(1).

STEP TWO: Determine the sum of all credits under IC 6-1.1-20.6 applied to property located within the school allocation area that are attributable to the county unit.

STEP THREE: Determine the sum of all credits under IC 6-1.1-20.6 applied to property located within the county that are attributable to the county unit.

STEP FOUR: Divide the STEP TWO result by the STEP THREE result.

STEP FIVE: Multiply the STEP FOUR quotient by the STEP ONE result.

If the amount of revenue remaining in a school allocation area account is insufficient to make the allocation required under this subsection, the county shall reduce the total amount of revenue that will be allocated for the purpose of replacing the county's reduced revenues referred to in subsection (e)(1) and recalculate the allocations that must be made from each school allocation area account under this subsection.

(g) If a county chooses to allocate additional revenue from a school allocation area account for the purpose of reducing property taxes levied by the county as allowed under subsection

(e)(2), the county must allocate revenues from all school allocation area accounts for that purpose. The amount of revenue allocated from each account must be equal to the amount determined under STEP FIVE of the following formula:

STEP ONE: Determine the total amount of revenue that will be allocated for the purpose of reducing property taxes levied by the county as allowed under subsection (e)(2).

STEP TWO: Determine the total assessed value of all qualified residential property located within the school allocation area.

STEP THREE: Determine the total assessed value of all qualified residential property located within the county.

STEP FOUR: Divide the STEP TWO result by the STEP THREE result.

STEP FIVE: Multiply the STEP FOUR quotient by the STEP ONE result.

If the amount of revenue remaining in a school allocation area account is insufficient to make the allocation required under this subsection, the county shall reduce the total amount of revenue that will be allocated for the purpose of reducing property taxes levied by the county as allowed under subsection (e)(2) and recalculate the allocations that must be made from each school allocation area account under this subsection.

(h) If a county chooses to fund property tax relief in a civil taxing unit under subsection (e)(3) and the civil taxing unit is located in more than one (1) school allocation area, the county shall fund the property tax relief from the school allocation area account of each school allocation area containing part of the civil taxing unit. The amount of revenue that shall be distributed from each school allocation area account is equal to the amount determined under STEP FOUR of the following formula:

STEP ONE: Determine the total assessed value of all qualified residential property located within both:

(A) the civil taxing unit; and

(B) the school allocation area.

STEP TWO: Determine the total assessed value of all qualified residential property located within the civil taxing unit.

STEP THREE: Divide the STEP ONE result by the STEP TWO result.

STEP FOUR: Multiply the STEP THREE quotient by the total funding the county council is choosing to provide to the

civil taxing unit under subsection (e)(3).

If the amount of revenue remaining in a school allocation area account is insufficient to provide the funding allowed under this subsection, the county shall reduce the total amount of revenue that will be used for the purpose of funding property tax relief as allowed under subsection (e)(3) and recalculate the funding that will be provided from each school allocation area account under this subsection.

SECTION 18. IC 6-3.5-6-17, AS AMENDED BY P.L.224-2007, SECTION 78, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2008]: Sec. 17. (a) Revenue derived from the imposition of the county option income tax shall, in the manner prescribed by this section, be distributed to the county that imposed it. The amount that is to be distributed to a county during an ensuing calendar year equals the amount of county option income tax revenue that the department, after reviewing the recommendation of the budget agency, determines has been:

(1) received from that county for a taxable year ending in a calendar year preceding the calendar year in which the determination is made; and

(2) reported on an annual return or amended return processed by the department in the state fiscal year ending before July 1 of the calendar year in which the determination is made;

as adjusted (as determined after review of the recommendation of the budget agency) for refunds of county option income tax made in the state fiscal year.

(b) Before August 2 of each calendar year, the department, after reviewing the recommendation of the budget agency, shall certify to the county auditor of each adopting county the amount determined under subsection (a) plus the amount of interest in the county's account that has accrued and has not been included in a certification made in a preceding year. The amount certified is the county's "certified distribution" for the immediately succeeding calendar year. The amount certified shall be adjusted, as necessary, under subsections (c), (d), (e), and (f). The ~~department~~ **budget agency** shall provide **the county council** with ~~the certification~~ an informative summary of the calculations used to determine the certified distribution. **The summary of calculations must include:**

(1) the amount reported on individual income tax returns processed by the department during the previous fiscal year;

(2) adjustments for over distributions in prior years;

(3) adjustments for clerical or mathematical errors in prior

years;

(4) adjustments for tax rate changes; and

(5) the amount of excess account balances to be distributed under IC 6-3.5-6-17.3.

The department shall also certify information concerning the part of the certified distribution that is attributable to a tax rate under section 30, 31, or 32 of this chapter. This information must be certified to the county auditor and to the department of local government finance not later than September 1 of each calendar year. The part of the certified distribution that is attributable to a tax rate under section 30, 31, or 32 of this chapter may be used only as specified in those provisions.

(c) The department shall certify an amount less than the amount determined under subsection (b) if the department, after reviewing the recommendation of the budget agency, determines that the reduced distribution is necessary to offset overpayments made in a calendar year before the calendar year of the distribution. The department, after reviewing the recommendation of the budget agency, may reduce the amount of the certified distribution over several calendar years so that any overpayments are offset over several years rather than in one (1) lump sum.

(d) The department, after reviewing the recommendation of the budget agency, shall adjust the certified distribution of a county to correct for any clerical or mathematical errors made in any previous certification under this section. The department, after reviewing the recommendation of the budget agency, may reduce the amount of the certified distribution over several calendar years so that any adjustment under this subsection is offset over several years rather than in one (1) lump sum.

(e) This subsection applies to a county that:

(1) initially imposed the county option income tax; or

(2) increases the county option income tax rate;

under this chapter in the same calendar year in which the department makes a certification under this section. The department, after reviewing the recommendation of the budget agency, shall adjust the certified distribution of a county to provide for a distribution in the immediately following calendar year and in each calendar year thereafter. The department shall provide for a full transition to certification of distributions as provided in subsection (a)(1) through (a)(2) in the manner provided in subsection (c).

(f) This subsection applies in the year a county initially imposes a tax rate under section 30 of this chapter. Notwithstanding any other provision, the department shall adjust the part of the county's certified

distribution that is attributable to the tax rate under section 30 of this chapter to provide for a distribution in the immediately following calendar year equal to the result of:

(1) the sum of the amounts determined under STEP ONE through STEP FOUR of IC 6-3.5-1.5-1(a) in the year in which the county initially imposes a tax rate under section 30 of this chapter; multiplied by

(2) the following:

(A) In a county containing a consolidated city, one and five-tenths (1.5).

(B) In a county other than a county containing a consolidated city, two (2).

(g) One-twelfth (1/12) of each adopting county's certified distribution for a calendar year shall be distributed from its account established under section 16 of this chapter to the appropriate county treasurer on the first day of each month of that calendar year.

(h) Upon receipt, each monthly payment of a county's certified distribution shall be allocated among, distributed to, and used by the civil taxing units of the county as provided in sections 18 and 19 of this chapter.

(i) All distributions from an account established under section 16 of this chapter shall be made by warrants issued by the auditor of state to the treasurer of state ordering the appropriate payments.

SECTION 19. IC 6-3.5-6-18, AS AMENDED BY P.L.224-2007, SECTION 79, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2008]: Sec. 18. (a) The revenue a county auditor receives under this chapter shall be used to:

(1) replace the amount, if any, of property tax revenue lost due to the allowance of an increased homestead credit within the county;

(2) fund the operation of a public communications system and computer facilities district as provided in an election, if any, made by the county fiscal body under IC 36-8-15-19(b);

(3) fund the operation of a public transportation corporation ~~as provided in an election, if any, made by the county fiscal body under IC 36-9-4-42,~~ **established under IC 36-9-4;**

(4) make payments permitted under IC 36-7-15.1-17.5;

(5) make payments permitted under subsection (i);

(6) make distributions of distributive shares to the civil taxing units of a county; and

(7) make the distributions permitted under sections 27, 28, 29, 30, 31, 32, and 33 of this chapter.

(b) The county auditor shall retain from the payments of the county's

certified distribution, an amount equal to the revenue lost, if any, due to the increase of the homestead credit within the county. This money shall be distributed to the civil taxing units and school corporations of the county as though they were property tax collections and in such a manner that no civil taxing unit or school corporation shall suffer a net revenue loss due to the allowance of an increased homestead credit.

(c) The county auditor shall retain:

(1) the amount, if any, specified by the county fiscal body for a particular calendar year under subsection (i), IC 36-7-15.1-17.5, IC 36-8-15-19(b), and IC 36-9-4-42 from the county's certified distribution for that same calendar year; and

(2) the amount of an additional tax rate imposed under section 27, 28, 29, 30, 31, 32, or 33 of this chapter.

The county auditor shall distribute amounts retained under this subsection to the county.

(d) All certified distribution revenues that are not retained and distributed under subsections (b) and (c) shall be distributed to the civil taxing units of the county as distributive shares.

(e) The amount of distributive shares that each civil taxing unit in a county is entitled to receive during a month equals the product of the following:

(1) The amount of revenue that is to be distributed as distributive shares during that month; multiplied by

(2) A fraction. The numerator of the fraction equals the allocation amount for the civil taxing unit for the calendar year in which the month falls. The denominator of the fraction equals the sum of the allocation amounts of all the civil taxing units of the county for the calendar year in which the month falls.

(f) The department of local government finance shall provide each county auditor with the fractional amount of distributive shares that each civil taxing unit in the auditor's county is entitled to receive monthly under this section.

(g) Notwithstanding subsection (e), if a civil taxing unit of an adopting county does not impose a property tax levy that is first due and payable in a calendar year in which distributive shares are being distributed under this section, that civil taxing unit is entitled to receive a part of the revenue to be distributed as distributive shares under this section within the county. The fractional amount such a civil taxing unit is entitled to receive each month during that calendar year equals the product of the following:

(1) The amount to be distributed as distributive shares during that month; multiplied by

(2) A fraction. The numerator of the fraction equals the budget of that civil taxing unit for that calendar year. The denominator of the fraction equals the aggregate budgets of all civil taxing units of that county for that calendar year.

(h) If for a calendar year a civil taxing unit is allocated a part of a county's distributive shares by subsection (g), then the formula used in subsection (e) to determine all other civil taxing units' distributive shares shall be changed each month for that same year by reducing the amount to be distributed as distributive shares under subsection (e) by the amount of distributive shares allocated under subsection (g) for that same month. The department of local government finance shall make any adjustments required by this subsection and provide them to the appropriate county auditors.

(i) Notwithstanding any other law, a county fiscal body may pledge revenues received under this chapter (other than revenues attributable to a tax rate imposed under section 30, 31, or 32 of this chapter) to the payment of bonds or lease rentals to finance a qualified economic development tax project under IC 36-7-27 in that county or in any other county if the county fiscal body determines that the project will promote significant opportunities for the gainful employment or retention of employment of the county's residents.".

Page 19, line 41, after "(2)" insert "**annually**".

Page 19, line 41, strike "other" and insert "**annual**".

Page 19, delete line 42.

Delete pages 20 through 21.

Page 22, delete lines 1 through 38, begin a new paragraph and insert:

"SECTION 21. IC 6-3.5-6-34 IS ADDED TO THE INDIANA CODE AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: **Sec. 34. (a) As used in this section, "qualified residential property" has the meaning set forth in IC 6-1.1-20.6-4.**

(b) As used in this section, "school allocation area" means the area located within the boundaries of the area within a county served by a school corporation.

(c) As used in this section, "school allocation area account" means an account established by a county treasurer for each school allocation area located within the county.

(d) Notwithstanding any other law, revenues from a tax rate imposed under sections 30, 31, or 32 of this chapter may be distributed to each school allocation area account based on the proportion of the total assessed value of all qualified residential

property located within the county in each school allocation area as compared to the total assessed value of all qualified residential property located in the county.

(e) Revenue in a school allocation area account may be used for one (1) or more of the following purposes:

(1) To replace all or part of the county's revenues reduced as a result of the application of the credits under IC 6-1.1-20.6 to property located within the school allocation area.

(2) If a county replaces all of the county's reduced revenues referred to in subdivision (1), the county may allocate additional revenue remaining in the school allocation area account as provided under subsection (g) to be held by the county auditor and applied as a uniform percentage to reduce property taxes levied by the county on qualified residential property within the school allocation area.

(3) To fund property tax relief, including replacement of revenues reduced as a result of the application of the credits under IC 6-1.1-20.6, in any:

(A) school corporation; or

(B) civil taxing unit, other than the county, within the school allocation area;

as determined by the county council.

The ordinance imposing a tax rate under this section must specify the purpose or purposes for which revenues from the tax rate will be used. In the case of a county containing a consolidated city, the county council may replace reduced revenues of the consolidated city as allowed under subdivision (1), and may allocate additional revenue as allowed under subdivision (2) to reduce property taxes levied by the consolidated city. In the case of a county containing a consolidated city, the county council may not fund property tax relief of the county or consolidated city under subdivision (3).

(f) If a county allocates revenue from a school allocation area account to replace the county's reduced revenues referred to in subsection (e)(1) attributable to a particular school allocation area, the county shall allocate revenues from all school allocation area accounts to replace the reduced revenues for all school allocation areas within the county. The amount of revenue that may be allocated by the county from each school allocation area account for purposes of this subsection is equal to the amount determined under STEP FIVE of the following formula:

STEP ONE: Determine the total amount of revenue that will be allocated for the purpose of replacing the county's reduced

revenues referred to in subsection (e)(1).

STEP TWO: Determine the sum of all credits under IC 6-1.1-20.6 applied to property located within the school allocation area that are attributable to the county unit.

STEP THREE: Determine the sum of all credits under IC 6-1.1-20.6 applied to property located within the county that are attributable to the county unit.

STEP FOUR: Divide the STEP TWO result by the STEP THREE result.

STEP FIVE: Multiply the STEP FOUR quotient by the STEP ONE result.

If the amount of revenue remaining in a school allocation area account is insufficient to make the allocation required under this subsection, the county shall reduce the total amount of revenue that will be allocated for the purpose of replacing the county's reduced revenues referred to in subsection (e)(1) and recalculate the allocations that must be made from each school allocation area account under this subsection.

(g) If a county chooses to allocate additional revenue from a school allocation area account for the purpose of reducing property taxes levied by the county as allowed under subsection (e)(2) the county must allocate revenues from all school allocation area accounts for that purpose. The amount of revenue allocated from each account must be equal to the amount determined under STEP FIVE of the following formula:

STEP ONE: Determine the total amount of revenue that will be allocated for the purpose of reducing property taxes levied by the county as allowed under subsection (e)(2).

STEP TWO: Determine the total assessed value of all qualified residential property located within the school allocation area.

STEP THREE: Determine the total assessed value of all qualified residential property located within the county.

STEP FOUR: Divide the STEP TWO result by the STEP THREE result.

STEP FIVE: Multiply the STEP FOUR quotient by the STEP ONE result.

If the amount of revenue remaining in a school allocation area account is insufficient to make the allocation required under this subsection, the county shall reduce the total amount of revenue that will be allocated for the purpose of reducing property taxes levied by the county as allowed under subsection (e)(2) and

recalculate the allocations that must be made from each school allocation area account under this subsection.

(h) If a county chooses to fund property tax relief in a civil taxing unit under subsection (e)(3) and the civil taxing unit is located in more than one (1) school allocation area, the county shall fund the property tax relief from the school allocation area account of each school allocation area containing part of the civil taxing unit. The amount of revenue that shall be distributed from each school allocation area account is equal to the amount determined under STEP FOUR of the following formula:

STEP ONE: Determine the total assessed value of all qualified residential property located within both:

(A) the civil taxing unit; and

(B) the school allocation area.

STEP TWO: Determine the total assessed value of all qualified residential property located within the civil taxing unit.

STEP THREE: Divide the STEP ONE result by the STEP TWO result.

STEP FOUR: Multiply the STEP THREE quotient by the total funding the county council is choosing to provide to the civil taxing unit under subsection (e)(3).

If the amount of revenue remaining in a school allocation area account is insufficient to provide the funding allowed under this subsection, the county shall reduce the total amount of revenue that will be used for the purpose of funding property tax relief as allowed under subsection (e)(3) and recalculate the funding that will provided from each school allocation area account under this subsection.

SECTION 22. IC 6-3.5-7-11, AS AMENDED BY P.L.207-2005, SECTION 9, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2008]: Sec. 11. (a) Revenue derived from the imposition of the county economic development income tax shall, in the manner prescribed by this section, be distributed to the county that imposed it.

(b) Before August 2 of each calendar year, the department, after reviewing the recommendation of the budget agency, shall certify to the county auditor of each adopting county the sum of the amount of county economic development income tax revenue that the department determines has been:

(1) received from that county for a taxable year ending before the calendar year in which the determination is made; and

(2) reported on an annual return or amended return processed by

the department in the state fiscal year ending before July 1 of the calendar year in which the determination is made;

as adjusted (as determined after review of the recommendation of the budget agency) for refunds of county economic development income tax made in the state fiscal year plus the amount of interest in the county's account that has been accrued and has not been included in a certification made in a preceding year. The amount certified is the county's certified distribution, which shall be distributed on the dates specified in section 16 of this chapter for the following calendar year. The amount certified shall be adjusted under subsections (c), (d), (e), (f), and (g). The ~~department~~ **budget agency** shall provide **the county council** with ~~the certification~~ an informative summary of the calculations used to determine the certified distribution. **The summary of calculations must include:**

(1) the amount reported on individual income tax returns processed by the department during the previous fiscal year;

(2) adjustments for over distributions in prior years;

(3) adjustments for clerical or mathematical errors in prior years;

(4) adjustments for tax rate changes; and

(5) the amount of excess account balances to be distributed under IC 6-3.5-7-17.3.

(c) The department shall certify an amount less than the amount determined under subsection (b) if the department, after reviewing the recommendation of the budget agency, determines that the reduced distribution is necessary to offset overpayments made in a calendar year before the calendar year of the distribution. The department, after reviewing the recommendation of the budget agency, may reduce the amount of the certified distribution over several calendar years so that any overpayments are offset over several years rather than in one (1) lump sum.

(d) After reviewing the recommendation of the budget agency, the department shall adjust the certified distribution of a county to correct for any clerical or mathematical errors made in any previous certification under this section. The department, after reviewing the recommendation of the budget agency, may reduce the amount of the certified distribution over several calendar years so that any adjustment under this subsection is offset over several years rather than in one (1) lump sum.

(e) The department, after reviewing the recommendation of the budget agency, shall adjust the certified distribution of a county to provide the county with the distribution required under section 16(b)

of this chapter.

(f) The department, after reviewing the recommendation of the budget agency, shall adjust the certified distribution of a county to provide the county with the amount of any tax increase imposed under section 25 or 26 of this chapter to provide additional homestead credits as provided in those provisions.

(g) This subsection applies to a county that:

(1) initially imposed the county economic development income tax; or

(2) increases the county economic development income rate;

under this chapter in the same calendar year in which the department makes a certification under this section. The department, after reviewing the recommendation of the budget agency, shall adjust the certified distribution of a county to provide for a distribution in the immediately following calendar year and in each calendar year thereafter. The department shall provide for a full transition to certification of distributions as provided in subsection (b)(1) through (b)(2) in the manner provided in subsection (c).".

Page 23, line 38, strike "annually".

Page 23, line 41, after "(2)" insert "**annually**".

Page 23, line 41, after "employer's" insert "**annual**".

Page 26, line 41, delete ";" and insert ", **including information such as brands, supplies, distributors, or package types that is information necessary for industry statistical analysis;**".

Page 27, between lines 41 and 42, begin a new paragraph and insert:

"SECTION 29. IC 8-23-28 IS ADDED TO THE INDIANA CODE AS A **NEW** CHAPTER TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2008]:

Chapter 28. Funding to Establish a Regional Transportation Authority

Sec. 1. The regional transportation authority formation fund is established.

Sec. 2. The department shall administer the fund.

Sec. 3. Expenditures from the fund may be made only in accordance with this chapter.

Sec. 4. The department may use the money in the fund to provide matching grants to cities or counties that wish to establish a regional transportation authority under IC 36-9-3. The expenses in administering the fund and the grants shall be paid from the money in the fund.

Sec. 5. The amount of a grant provided under this chapter may not exceed twenty percent (20%) of the costs incurred by a city or

county in establishing a regional transportation authority under IC 36-9-3.

Sec. 6. Each grant provided under this chapter must be matched by funds provided by the city or county applying for the grant under this chapter. The matching funds required by a city or county may be provided by any source except other state funds.

Sec. 7. A city or county must apply for a grant under this chapter in the manner prescribed by the department.

Sec. 8. (a) Money in the fund at the end of a state fiscal year does not revert to the state general fund.

(b) The treasurer of state shall invest the money in the fund not currently needed to meet the obligations of the fund in the same manner as other public money may be invested. Interest that accrues from these investments shall be deposited in the fund to be used for any purpose for which funds may be used under this chapter.

Sec. 9. The fund consists of the following:

(1) Funds deposited by regional transit authorities under IC 36-9-42.

(2) Money received from any other source, including appropriations.

Sec. 10. The department shall notify all regional transit authorities (as defined in IC 36-9-42) when the total of all deposits by the regional transit authorities under IC 36-9-42 has reached one million dollars ($1,000,000).

SECTION 30. IC 9-17-2-3 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2008]: Sec. 3. (a) The form described under section 2 of this chapter must include the following printed statement:

"I swear or affirm that the information I have entered on this form is correct. I understand that making a false statement on this form may constitute the crime of perjury.".

(b) The person applying for the certificate of title must sign the form directly below the printed statement.

(c) The form described under section 2 of this chapter must include the statement required by IC 9-17-3-3.2.

SECTION 31. IC 9-17-3-3 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2008]: Sec. 3. (a) If a vehicle for which a certificate of title has been issued is sold or if the ownership of the vehicle is otherwise transferred, the person who holds the certificate of title must do the following:

(1) Endorse on the certificate of title an assignment of the

certificate of title with warranty of title, in a form printed on the certificate of title, with a statement describing all liens or encumbrances on the vehicle.

(2) Except as provided in subdivisions ~~(3) and~~ (4) **and (5),** deliver the certificate of title to the purchaser or transferee at the time of the sale or delivery to the purchaser or transferee of the vehicle, if the purchaser or transferee has made all agreed upon initial payments for the vehicle, including delivery of a trade-in vehicle without hidden or undisclosed statutory liens.

(3) Unless the vehicle is being sold or transferred to a dealer licensed under IC 9-23-2, complete all information concerning the purchase on the certificate of title, including, but not limited to:

(A) the name and address of the purchaser; and

(B) the sale price of the vehicle.

~~(3)~~ **(4)** In the case of a sale or transfer between vehicle dealers licensed by this state or another state, deliver the certificate of title within twenty-one (21) days after the date of the sale or transfer.

~~(4)~~ **(5)** Deliver the certificate of title to the purchaser or transferee within twenty-one (21) days after the date of sale or transfer to the purchaser or transferee of the vehicle, if all of the following conditions exist:

(A) The seller or transferor is a vehicle dealer licensed by the state under IC 9-23.

(B) The vehicle dealer is not able to deliver the certificate of title at the time of sale or transfer.

(C) The vehicle dealer reasonably believes that it will be able to deliver the certificate of title, without a lien or an encumbrance on the certificate of title, within the twenty-one (21) day period.

(D) The vehicle dealer provides the purchaser or transferee with an affidavit under section 3.1 of this chapter.

(E) The purchaser or transferee has made all agreed upon initial payments for the vehicle, including delivery of a trade-in vehicle without hidden or undisclosed statutory liens.

(b) A licensed dealer may offer for sale a vehicle for which the dealer does not possess a certificate of title, if the dealer can comply with subsection ~~(a)(3)~~ **(a)(4)** or ~~(a)(4)~~ **(a)(5)** at the time of the sale.

(c) A vehicle dealer who fails to deliver a certificate of title within the time specified under this section is subject to the following civil penalties:

(1) One hundred dollars ($100) for the first violation.

(2) Two hundred fifty dollars ($250) for the second violation.

(3) Five hundred dollars ($500) for all subsequent violations.

Payment shall be made to the bureau and deposited in the state general fund. In addition, if a purchaser or transferee does not receive a valid certificate of title within the time specified by this section, the purchaser or transferee shall have the right to return the vehicle to the vehicle dealer ten (10) days after giving the vehicle dealer written notice demanding delivery of a valid certificate of title and the dealer's failure to deliver a valid certificate of title within that ten (10) day period. Upon return of the vehicle to the dealer in the same or similar condition as delivered to the purchaser or transferee under this section, the vehicle dealer shall pay to the purchaser or transferee the purchase price plus sales taxes, finance expenses, insurance expenses, and any other amount paid to the dealer by the purchaser.

(d) For purposes of this subsection, "timely deliver", with respect to a third party, means to deliver to the purchaser or transferee with a postmark dated or hand delivered not more than ten (10) business days after there is no obligation secured by the vehicle. If the dealer's inability to timely deliver a valid certificate of title results from the acts or omissions of a third party who has failed to timely deliver a valid certificate of title to the dealer, the dealer is entitled to claim against the third party one hundred dollars ($100). If:

(1) the dealer's inability to timely deliver a valid certificate of title results from the acts or omissions of a third party who has failed to timely deliver the certificate of title in the third party's possession to the dealer; and

(2) the failure continues for ten (10) business days after the dealer gives the third party written notice of the failure;

the dealer is entitled to claim against the third party all damages sustained by the dealer in rescinding the dealer's sale with the purchaser or transferee, including the dealer's reasonable attorney's fees.

(e) If a vehicle for which a certificate of title has been issued by another state is sold or delivered, the person selling or delivering the vehicle must deliver to the purchaser or receiver of the vehicle a proper certificate of title with an assignment of the certificate of title in a form prescribed by the bureau.

(f) The original certificate of title and all assignments and subsequent reissues of the certificate of title shall be retained by the bureau and appropriately classified and indexed in the most convenient manner to trace title to the vehicle described in the certificate of title.

(g) A dealer shall make payment to a third party to satisfy any obligation secured by the vehicle within five (5) days after the date of sale.

SECTION 32. IC 9-17-3-3.1 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2008]: Sec. 3.1. The affidavit required by ~~IC 9-17-3-3(a)(4)~~ **IC 9-17-3-3(a)(5)** shall be printed in the following form:

STATE OF
INDIANA)
) ss:
COUNTY OF _____)

I affirm under the penalties for perjury that all of the following are true:

(1) That I am a dealer licensed under IC 9-23-1.

(2) That I cannot deliver a valid certificate of title to the retail purchaser of the vehicle described in paragraph (3) at the time of sale of the vehicle to the retail purchaser. The identity of the previous seller or transferor is _____. Payoff of lien was made on (date)_____. I expect to deliver a valid and transferable certificate of title not later than (date)_____ from the (State of)_____ to the purchaser.

(3) That I will undertake reasonable commercial efforts to produce the valid certificate of title. The vehicle identification number is _____.

Signed _____, Dealer
By_____
Dated _____, ____

CUSTOMER ACKNOWLEDGES RECEIPT OF A COPY OF THIS AFFIDAVIT.

_____
Customer Signature

NOTICE TO THE CUSTOMER

If you do not receive a valid certificate of title within the time specified by this affidavit, you have the right to return the vehicle to the vehicle dealer ten (10) days after giving the vehicle dealer written notice demanding delivery of a valid certificate of title and after the vehicle dealer's failure to deliver a valid certificate of title within that ten (10) day period. Upon return of the vehicle to the vehicle dealer in the same or similar condition as when it was delivered to you, the vehicle dealer shall pay you the purchase price plus sales taxes, finance

expenses, insurance expenses, and any other amount that you paid to the vehicle dealer.

If a lien is present on the previous owner's certificate of title, it is the responsibility of the third party lienholder to timely deliver the certificate of title in the third party's possession to the dealer not more than ten (10) business days after there is no obligation secured by the vehicle. If the dealer's inability to deliver a valid certificate of title to you within the above-described ten (10) day period results from the acts or omissions of a third party who has failed to timely deliver the certificate of title in the third party's possession to the dealer, the dealer may be entitled to claim against the third party the damages allowed by law.

SECTION 33. IC 9-17-3-3.2 IS ADDED TO THE INDIANA CODE AS A **NEW** SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2008]: **Sec. 3.2. The form furnished by the bureau under IC 9-17-2-2 must contain the following language immediately below the signature of the seller:**

"If this vehicle is sold or transferred to a person other than a dealer licensed in Indiana, the seller or transferor is required to fill in all blanks relating to buyer information, including the sale price. The knowing or intentional failure of the seller or transferor to fill in all buyer information is a Class A misdemeanor or a Class D felony for the second or subsequent offense under IC 9-17-3-7(c)(2).".

SECTION 34. IC 9-17-3-7 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2008]: Sec. 7. (a) This section does not apply to section 5 of this chapter.

(b) Except as provided in subsection (c), a person who violates this chapter commits a Class C infraction.

(c) A person who **knowingly or intentionally** violates: ~~section 3~~

(1) section 3(a)(1), 3(a)(2), 3(a)(4), or 3(a)(5) of this chapter commits a Class B misdemeanor; **or**

(2) section 3(a)(3) of this chapter commits a:

(A) Class A misdemeanor for the first violation; and

(B) Class D felony for the second and any subsequent violation.

SECTION 35. IC 36-7-26-1 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2008]: Sec. 1. This chapter applies to the following:

(1) A city having a population of more than seventy-five thousand (75,000) but less than ninety thousand (90,000).

(2) A city having a population of more than one hundred five

thousand (105,000) but less than one hundred twenty thousand (120,000).

(3) A city having a population of more than one hundred fifty thousand (150,000) but less than five hundred thousand (500,000).

(4) A city having a population of more than one hundred twenty thousand (120,000) but less than one hundred fifty thousand (150,000).

(5) A county having a population of more than fifty thousand (50,000) but less than fifty-five thousand (55,000).

SECTION 36. IC 36-7-26-2 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2008]: Sec. 2. (a) Present economic conditions in certain areas of certain cities are stagnant or deteriorating.

(b) Present economic conditions in such areas are beyond remedy and control by existing regulatory processes because of the substantial public financial commitments necessary to encourage significant increases in economic activities in such areas.

(c) Economic development of certain reclaimed coal land near the Blue Grass Fish and Wildlife Area and Interstate Highway 164 is vital for a county described in section 1(5) of this chapter.

~~(c)~~ **(d)** Encouraging economic development in these areas will:

(1) attract new businesses and encourage existing business to remain or expand;

(2) increase temporary and permanent employment opportunities and private sector investment;

(3) protect and increase state and local tax bases; and

(4) encourage overall economic growth in Indiana.

~~(d)~~ **(e)** Redevelopment and stimulation of economic development benefit the health and welfare of the people of Indiana, are public uses and purposes for which the public money may be spent, and are of public utility and benefit.

~~(e)~~ **(f)** Economic development in such areas can be accomplished only by a coordinated effort of local and state governments.

~~(f)~~ **(g)** This chapter shall be liberally construed to carry out the purposes of this chapter and to provide **the county and** cities with maximum flexibility to accomplish those purposes.

SECTION 37. IC 36-7-26-3 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2008]: Sec. 3. As used in this chapter, "adjustment factor" means the amount, stated as a percentage, that the:

(1) board, **for a city described in section 1(1), 1(2), 1(3), or 1(4) of this chapter; or**

(2) corporation, for a county described in section 1(5) of this chapter;

determines under section 22 of this chapter should be applied in determining the district's net increment. However, the adjustment factor may not exceed eighty percent (80%).

SECTION 38. IC 36-7-26-6.5 IS ADDED TO THE INDIANA CODE AS A **NEW** SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2008]: **Sec. 6.5. As used in this chapter, "corporation" refers to the Indiana economic development corporation.**

SECTION 39. IC 36-7-26-8 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2008]: Sec. 8. **(a) Except as provided by subsection (b),** as used in this chapter, "district" refers to an economic development project district established under this chapter.

(b) For a county described in section 1(5) of this chapter, "district" refers to an economic development project district established under this chapter that is located completely or in part on reclaimed coal land near the Blue Grass Fish and Wildlife Area and Interstate Highway 164. However, the economic development project district may not be within a distance of one hundred (100) yards of the Blue Grass Fish and Wildlife Area.

SECTION 40. IC 36-7-26-13 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2008]: Sec. 13. In addition to the powers and duties set forth in any other statute, a commission, the department, **the corporation,** and the board have the powers and duties set forth in this chapter.

SECTION 41. IC 36-7-26-16 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2008]: Sec. 16. (a) **Except as provided in subsection (b),** upon adoption of a resolution designating a district under section 15 of this chapter, the commission shall submit the resolution to the board for approval. In submitting the resolution to the board, the commission shall deliver to the board:

(1) the data required under section 14 of this chapter;

(2) the information concerning the proposed redevelopment and economic development of the proposed district; and

(3) the proposed utilization of the revenues to be received under section 23 of this chapter.

This information may be modified from time to time after the initial submission. The commission shall provide to the board any additional information that the board may request from time to time.

(b) This subsection applies to a county described in section 1(5)

of this chapter. Upon adoption of a resolution designating a district under section 15 of this chapter, the commission shall submit the resolution to the fiscal body and the county commissioners of the county for ratification and then shall submit the resolution to the corporation for approval. In submitting the resolution to the corporation, the commission shall deliver to the corporation:

(1) the data required under section 14 of this chapter;

(2) the information concerning the proposed redevelopment and economic development of the proposed district; and

(3) the proposed use of the revenues to be received under section 23 of this chapter.

This information may be modified periodically after the initial submission. The commission shall provide to the corporation any additional information that the corporation requests.

~~(b)~~ **(c)** Upon adoption of a resolution designating a district under section 15 of this chapter, and upon approval of the resolution by the board under subsection (a) **or the corporation under subsection (b),** the commission shall publish (in accordance with IC 5-3-1) notice of the adoption and ~~purport~~ **purpose** of the resolution and of the hearing to be held. The notice must provide a general description of the boundaries of the district and state that information concerning the district can be inspected at the commission's office. The notice must also contain a date when the commission will hold a hearing to receive and hear remonstrances and other testimony from persons interested in or affected by the establishment of the district. All affected persons, including all persons or entities owning property or doing business in the district, shall be considered notified of the pendency of the hearing and of subsequent acts, hearings, adjournments, and resolutions of the commission by the notice given under this section.

SECTION 42. IC 36-7-26-20 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2008]: Sec. 20. **(a) Except as provided in subsection (b),** the determination of the commission to create a district under this chapter, after approval by the board, must be approved by ordinance of the legislative body of the city.

(b) For a county described in section 1(5) of this chapter, the determination of the commission to create a district under this chapter, after approval by the corporation, must be approved by ordinance of the fiscal body of the county.

SECTION 43. IC 36-7-26-21 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2008]: Sec. 21. **(a) Except as provided in subsection (b),** after the approval of the creation of the district under section 20 of this chapter, the commission shall transmit

to the board for delivery to the department the following:

(1) A certified copy of the resolution designating the district, as confirmed by the commission.

(2) A complete list of street names and the range of street numbers of each street situated within the district.

(b) This subsection applies to a county described in section 1(5) of this chapter. After the approval of the creation of the district under section 20 of this chapter, the commission shall transmit to the corporation for delivery to the department the following:

(1) A certified copy of the resolution designating the district, as confirmed by the commission.

(2) A complete list of street names and the range of street numbers of each street located within the district.

SECTION 44. IC 36-7-26-22 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2008]: Sec. 22. (a) **Except as provided in subsection (b),** within sixty (60) days after receipt from the commission of the information transmitted under section 21 of this chapter the board shall do the following:

(1) Request that the department determine the base period amount. The department shall certify the base period amount to the board, and the board shall transmit the certification to the commission.

(2) Determine the adjustment factor. The adjustment factor must account for the portion of the incremental state gross retail and use tax revenues attributable to investment in the district and resulting from the redevelopment and economic development project. The adjustment factor may not be decreased after the factor is determined by the board.

(b) This subsection applies to a county described in section 1(5) of this chapter. Within sixty (60) days after receipt from the commission of the information transmitted under section 21 of this chapter, the corporation shall do the following:

(1) Request that the department determine the base period amount. The department shall certify the base period amount to the corporation, and the corporation shall transmit the certification to the commission.

(2) Determine the adjustment factor. The adjustment factor must account for the part of the incremental state gross retail and use tax revenues attributable to investment in the district and resulting from the redevelopment and economic development project. The adjustment factor may not be decreased after the factor is determined by the corporation.

~~(b)~~ **(c)** If a business that operates or did operate in the district also has or had one (1) or more other places of business operating in Indiana but outside the district, the business shall, in the manner and for the periods of time requested by the department, certify to the department the amount of taxes remitted by the business under IC 6-2.5 for the business's places of operation that are or were in the district.

SECTION 45. IC 36-7-26-23 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2008]: Sec. 23. (a) Before the first business day in October of each year, the board, **or the corporation for a county described in section 1(5) of this chapter,** shall require the department to calculate the net increment for the preceding state fiscal year. The department shall transmit to the board, **or the corporation for a county described in section 1(5) of this chapter,** a statement as to the net increment in sufficient time to permit the board **or the corporation** to review the calculation and permit the transfers required by this section to be made on a timely basis.

(b) There is established a sales tax increment financing fund to be administered by the treasurer of state. The fund is comprised of two (2) accounts called the net increment account and the credit account.

(c) On the first business day in October of each year, that portion of the net increment calculated under subsection (a) that is needed:

(1) to pay debt service on the bonds issued under section 24 of this chapter or to pay lease rentals under section 24 of this chapter; and

(2) to establish and maintain a debt service reserve established by the commission or by a lessor that provides local public improvements to the commission;

shall be transferred to and deposited in the fund and credited to the net increment account. Money credited to the net increment account is pledged to the purposes described in subdivisions (1) and (2), subject to the other provisions of this chapter.

(d) On the first business day of October in each year, the remainder of:

(1) eighty percent (80%) of the gross increment; minus

(2) the amount credited to the net increment account on the same date;

shall be transferred and credited to the credit account.

(e) The remainder of:

(1) the gross increment; minus

(2) the amounts credited to the net increment account and the credit account;

shall be deposited by the auditor of state as other gross retail and use

taxes are deposited.

(f) A city described in section 1(2), 1(3), or 1(4) of this chapter may receive not more than fifty percent (50%) of the net increment each year. During the time a district exists in a city described in section 1(3) or 1(4) of this chapter, not more than a total of one million dollars ($1,000,000) of net increment may be paid to the city described in section 1(3) or 1(4) of this chapter. During each year that a district exists in a city described in section 1(2) of this chapter, not more than one million dollars ($1,000,000) of net increment may be paid to the city described in section 1(2) of this chapter.

(g) The auditor of state shall disburse all money in the fund that is credited to the net increment account to the commission in equal semiannual installments on November 30 and May 31 of each year.

SECTION 46. IC 36-7-26-24 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2008]: Sec. 24. (a) The commission may issue bonds, payable in whole or in part, from money distributed from the fund to the commission, to finance a local public improvement under IC 36-7-14-25.1 or may make lease rental payments for a local public improvement under IC 36-7-14-25.2 and IC 36-7-14-25.3. The term of any bonds issued under this section may not exceed ~~twenty (20)~~ **twenty-five (25)** years, nor may the term of any lease agreement entered into under this section exceed ~~twenty (20)~~ **twenty-five (25)** years. The commission shall transmit to the board, **or the corporation for a county described in section 1(5) of this chapter,** a transcript of the proceedings with respect to the issuance of the bonds or the execution and delivery of a lease agreement as contemplated by this section. The transcript must include a debt service or lease rental schedule setting forth all payments required in connection with the bonds or the lease rentals.

(b) On January 15 of each year, the commission shall remit to the treasurer of state the money disbursed from the fund that is credited to the net increment account that exceeds the amount needed to pay debt service or lease rentals and to establish and maintain a debt service reserve under this chapter in the prior year and before May 31 of that year. Amounts remitted under this subsection shall be deposited by the auditor of state as other gross retail and use taxes are deposited.

(c) The commission in a city described in section 1(2) of this chapter may distribute money from the fund only for the following:

(1) Road, interchange, and right-of-way improvements.

(2) Acquisition costs of a commercial retail facility and for real property acquisition costs in furtherance of the road, interchange, and right-of-way improvements.

(3) Demolition of commercial property and any related expenses incurred before or after the demolition of the commercial property.

(4) For physical improvements or alterations of property that enhance the commercial viability of the district.

(d) The commission in a city described in section 1(3) of this chapter may distribute money from the fund only for the following purposes:

(1) For road, interchange, and right-of-way improvements and for real property acquisition costs in furtherance of the road, interchange, and right-of-way improvements.

(2) For the demolition of commercial property and any related expenses incurred before or after the demolition of the commercial property.

(e) The commission in a city described in section 1(4) of this chapter may distribute money from the fund only for the following purposes:

(1) For:

(A) the acquisition, demolition, and renovation of property; and

(B) site preparation and financing;

related to the development of housing in the district.

(2) For physical improvements or alterations of property that enhance the commercial viability of the district.

(f) The commission in a county described in section 1(5) of this chapter may distribute money from the fund for the following district project costs associated with the development or redevelopment of the district:

(1) The total cost of acquisition of all land, rights-of-way, and other property to be acquired, developed, or redeveloped for the project.

(2) Site preparation, including utilities and infrastructure.

(3) Costs associated with the construction or establishment of a multisport athletic complex that is owned or leased by an entity that is exempt from income taxation under Section 501(c)(3) of the Internal Revenue Code.

(4) Costs associated with the construction or establishment of a museum and education complex that is owned or leased by an entity that is exempt from income taxation under Section 501(c)(3) of the Internal Revenue Code.

(5) Road, interchange, and right-of-way improvements.

(6) Public parking facilities.

(7) All reasonable and necessary architectural, engineering, legal, financing, accounting, advertising, bond discount, and supervisory expenses related to the acquisition and development or redevelopment of the property or the issuance of bonds.

(8) Debt service, lease payments, capitalized interest, or debt service reserve for the bonds to the extent the commission determines that a reserve is reasonably required.

SECTION 47. IC 36-7-26-25 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2008]: Sec. 25. **This section does not apply to a county described in section 1(5) of this chapter.** The board may not approve a resolution under section 16 of this chapter until the board has satisfied itself that the city in which the proposed district will be established has maximized the use of tax increment financing under IC 36-7-14 or IC 36-7-14.5 to finance public improvements within or serving the proposed district, subject to the granting of an additional credit under IC 36-7-14-39.5. The city may not grant property tax abatements to the taxpayers within the proposed district or a district, except that the board may approve a resolution under section 16 of this chapter in the proposed district or a district in which real property tax abatement not to exceed three (3) years has been granted.

SECTION 48. IC 36-7-26-26 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2008]: Sec. 26. **(a) Except as provided by subsection (b),** to the extent prescribed by the board, and subject to the terms and conditions established by the board, any money credited to the credit account may be used by the commission, and, if desired by the board, irrevocably pledged by the board, to further secure bonds or a lease agreement issued or entered into under this chapter. Further security includes the following:

(1) Holding money in the credit account and pledging sums to payment of debt service on bonds issued under or lease rentals payable under this chapter, or maintenance of debt service reserves.

(2) Transferring money from the credit account to the net increment account or, if desired by the board, to the commission to enable the commission to finance local public improvements.

(3) Payment of bond insurance premiums or other credit enhancement fees and expenses.

(b) This subsection applies to a county described in section 1(5) of this chapter. To the extent prescribed by the corporation, and subject to the terms and conditions established by the corporation,

any money credited to the credit account may be used by the commission and, if desired by the corporation, irrevocably pledged by the corporation to further secure bonds or a lease agreement issued or entered into under this chapter. Further security includes the following:

(1) Holding money in the credit account and pledging sums to payment of debt service on bonds issued under or lease rentals payable under this chapter, or maintenance of debt service reserves.

(2) Transferring money from the credit account to the net increment account or, if desired by the corporation, to the commission to enable the commission to finance local public improvements.

(3) Payment of bond insurance premiums or other credit enhancement fees and expenses.

SECTION 49. IC 36-8-8-8.3 IS ADDED TO THE INDIANA CODE AS A **NEW** SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2008]: **Sec. 8.3. (a) If the requirements of subsection (b) are satisfied, a fund member who:**

(1) completes at least one (1) year of active service for which the 1977 fund gives credit;

(2) serves on active duty in the armed services of the United States for at least six (6) months;

(3) receives an honorable discharge from the armed services;

(4) is not entitled to receive a benefit from the armed services of the United States or another governmental retirement system for the active duty service; and

(5) has not received credit in the 1977 fund for the active duty service under another section of this chapter;

is entitled to service credit in the 1977 fund in an amount equal to the length of the fund member's military service. However, not more than six (6) years of service credit in the 1977 fund may be granted under this section. The service credit granted under this section may be used only in the computation of benefits to be paid after June 30, 2008, and only after the PERF board determines that the fund member is eligible for the service credit in the 1977 fund.

(b) A fund member is entitled to receive service credit in the 1977 fund for the active duty service described in subsection (a) if:

(1) the fund member pays in a lump sum or in a series of payments determined by the PERF board, not to exceed five (5) annual payments, the amount the fund member would

have contributed to the 1977 fund, if the fund member had been a member of the 1977 fund during the active duty service; and

(2) the fund member's employer contributes to the 1977 fund the amount the PERF board determines necessary to amortize the active duty service liability over a period determined by the PERF board, but not more than ten (10) years.

(c) An amortization schedule for contributions paid under subsection (b)(1) or (b)(2) must include interest at a rate determined by the PERF board.

(d) A fund member who:

(1) terminates service before satisfying the requirements for eligibility to receive a retirement benefit payment from the 1977 fund; or

(2) receives a retirement benefit for the same service from another retirement system, other than under the federal Social Security Act;

may withdraw the fund member's contributions made under this section plus accumulated interest after submitting to the 1977 fund a properly completed application for a refund.

(e) The following apply to the granting of service credit in the 1977 fund under this section:

(1) The PERF board may not grant credit for the service if doing so would exceed the limitations set forth in Section 415 of the Internal Revenue Code.

(2) A fund member may not claim the service credit for purposes of determining eligibility or computing benefits unless the fund member has made all payments required under subsection (b)(1).

(f) To the extent permitted by the Internal Revenue Code and applicable regulations, the 1977 fund may accept, on behalf of a fund member who is purchasing service credit under this section, a rollover of a distribution from any of the following:

(1) A qualified plan described in Section 401(a) or Section 403(a) of the Internal Revenue Code.

(2) An annuity contract or account described in Section 403(b) of the Internal Revenue Code.

(3) An eligible plan that is maintained by a state, a political subdivision of a state, or an agency or instrumentality of a state or political subdivision of a state under Section 457(b) of the Internal Revenue Code.

(4) An individual retirement account or annuity described in

Section 408(a) or 408(b) of the Internal Revenue Code.

(g) To the extent permitted by the Internal Revenue Code and the applicable regulations, the 1977 fund may accept, on behalf of a fund member who is purchasing service credit under this section, a trustee to trustee transfer from any of the following:

(1) An annuity contract or account described in Section 403(b) of the Internal Revenue Code.

(2) An eligible deferred compensation plan under Section 457(b) of the Internal Revenue Code.

(h) Notwithstanding any provision in this section, a fund member is entitled to service credit and benefits in the amount and to the extent required by the federal Uniformed Services Employment and Reemployment Rights Act (38 U.S.C. 4301 et seq.), including all later amendments.

(i) Before implementing this section, the PERF board may request from the Internal Revenue Service any rulings or determination letters that the PERF board considers necessary or appropriate.

SECTION 50. IC 36-8-8-8.5 IS ADDED TO THE INDIANA CODE AS A **NEW** SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2008]: **Sec. 8.5. (a) This section applies to a fund member who, after June 30, 2008, completes active service for which the 1977 fund gives credit.**

(b) A fund member may purchase not more than two (2) years of service credit for the fund member's service on active duty in the armed services of the United States if the fund member meets the following conditions:

(1) The fund member has at least one (1) year of active service for which the 1977 fund gives credit.

(2) The fund member serves on active duty in the armed services of the United States for at least six (6) months.

(3) The fund member receives an honorable discharge from the armed services.

(4) Before the fund member applies to receive a retirement benefit payment, the fund member makes contributions to the 1977 fund as follows:

(A) Contributions that are equal to the product of the following:

(i) The salary of a first class patrolman or firefighter at the time the fund member actually makes a contribution for the service credit.

(ii) A rate, determined by the actuary of the 1977 fund,

that is based on the age of the fund member at the time the fund member actually makes a contribution for service credit and is computed to result in a contribution amount that approximates the actuarial present value of the retirement benefit attributable to the service credit purchased.

(iii) The number of years of service credit the fund member intends to purchase.

(B) Contributions for any accrued interest, at a rate determined by the actuary of the 1977 fund, for the period from the fund member's initial membership in the 1977 fund to the date payment is made by the fund member.

(c) A fund member may not receive service credit under this section if the military service for which the fund member requests credit also qualifies the fund member for a benefit in a military or another governmental retirement system.

(d) A fund member who:

(1) terminates service before satisfying the requirements for eligibility to receive a retirement benefit payment from the 1977 fund; or

(2) receives a retirement benefit for the same service from another retirement system, other than under the federal Social Security Act;

may withdraw the fund member's contributions made under this section plus accumulated interest after submitting to the 1977 fund a properly completed application for a refund.

(e) The following apply to the purchase of service credit under this section:

(1) The PERF board may allow a fund member to make periodic payments of the contributions required for the purchase of service credit. The PERF board shall determine the length of the period during which the payments are to be made.

(2) The PERF board may deny an application for the purchase of service credit if the purchase would exceed the limitations set forth in Section 415 of the Internal Revenue Code.

(3) A fund member may not claim the service credit for purposes of determining eligibility or computing benefits unless the fund member has made all payments required for the purchase of the service credit.

(f) To the extent permitted by the Internal Revenue Code and

applicable regulations, the 1977 fund may accept, on behalf of a fund member who is purchasing service credit under this section, a rollover of a distribution from any of the following:

(1) A qualified plan described in Section 401(a) or Section 403(a) of the Internal Revenue Code.

(2) An annuity contract or account described in Section 403(b) of the Internal Revenue Code.

(3) An eligible plan that is maintained by a state, a political subdivision of a state, or an agency or instrumentality of a state or political subdivision of a state under Section 457(b) of the Internal Revenue Code.

(4) An individual retirement account or annuity described in Section 408(a) or 408(b) of the Internal Revenue Code.

(g) To the extent permitted by the Internal Revenue Code and the applicable regulations, the 1977 fund may accept, on behalf of a fund member who is purchasing service credit under this section, a trustee to trustee transfer from any of the following:

(1) An annuity contract or account described in Section 403(b) of the Internal Revenue Code.

(2) An eligible deferred compensation plan under Section 457(b) of the Internal Revenue Code.

(h) Notwithstanding any provision in this section, a fund member is entitled to service credit and benefits in the amount and to the extent required by the federal Uniformed Services Employment and Reemployment Rights Act (38 U.S.C. 4301 et seq.), including all later amendments.

(i) Before implementing this section, the PERF board may request from the Internal Revenue Service any rulings or determination letters that the PERF board considers necessary or appropriate.

SECTION 51. IC 36-9-4-42 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2008]: Sec. 42. (a) A municipality or a public transportation corporation that expends money for the establishment or maintenance of an urban mass transportation system under this chapter may acquire the money for these expenditures:

(1) by issuing bonds under section 43 or 44 of this chapter;

(2) by borrowing money made available for such purposes by any source;

(3) by accepting grants or contributions made available for such purposes by any source;

(4) in the case of a municipality, by appropriation from the general fund of the municipality, or from a special fund that the

municipal legislative body includes in the municipality's budget; or

(5) in the case of a public transportation corporation, **one (1) or both of the following:**

(A) By levying a tax under section 49 of this chapter. ~~or~~

(B) By ~~recommending an election~~ **electing** to use revenue from the county option income taxes, as provided in subsection (c).

(b) Money may be acquired under this section for the purpose of exercising any of the powers granted by or incidental to this chapter, including:

(1) studies under section 4, 9, or 11 of this chapter;

(2) grants in aid;

(3) the purchase of buses or real property by a municipality for lease to an urban mass transportation system, including the payment of any amount outstanding under a mortgage, contract of sale, or other security device that may attach to the buses or real property;

(4) the acquisition by a public transportation corporation of property of an urban mass transportation system, including the payment of any amount outstanding under a mortgage, contract of sale, or other security device that may attach to the property;

(5) the operation of an urban mass transportation system by a public transportation corporation, including the acquisition of additional property for such a system; and

(6) the retirement of bonds issued and outstanding under this chapter.

(c) This subsection applies only to a public transportation corporation located in a county having a consolidated city. ~~In order to provide revenue to a~~ **During each year that the county option income tax is in effect in the county, the** public transportation corporation ~~during a year, the public transportation corporation board may recommend and the county fiscal body may elect to provide revenue to the corporation~~ **shall receive three percent (3%)** from **the** part of the certified distribution, if any, that the county is to receive during that same year under IC 6-3.5-6-17. ~~To make the election, the county fiscal body must adopt an ordinance before September 1 of the preceding year. The county fiscal body must specify in the ordinance the amount of the certified distribution that is to be used to provide revenue to the corporation. If such an ordinance is adopted, the county fiscal body shall immediately send a copy of the ordinance to the county auditor.~~

SECTION 52. IC 36-9-42 IS ADDED TO THE INDIANA CODE AS A **NEW** CHAPTER TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2008]:

Chapter 42. Transit Development Districts

Sec. 1. This chapter applies only to units:

(1) that are not townships; and

(2) that are located within the boundaries of a regional transit authority.

Sec. 2. As used in this chapter, "gross retail base period amount" means the total amount of state gross retail and use taxes remitted under IC 6-2.5 by the businesses operating in the territory comprising a transit development district during the full state fiscal year that precedes the date on which the transit development district was established under section 5 of this chapter.

Sec. 3. As used in this chapter, "gross retail incremental amount" means the remainder of:

(1) the total amount of state gross retail and use taxes that are remitted under IC 6-2.5 by businesses operating in the territory comprising a transit development district during a state fiscal year; minus

(2) the gross retail base period amount plus the amount of growth of the state gross retail and use tax based on the Consumer Price Index that would be expected to occur without the presence of the transit district;

as determined by the department of state revenue.

Sec. 4. As used in this chapter, "regional transit authority" means an entity:

(1) that is eligible to receive federal transportation funding under Title 49 of the United States Code; and

(2) that is either:

(A) a regional transportation authority established under IC 36-9-3; or

(B) the northwest Indiana regional development authority established under IC 36-7.5-2-1.

Sec. 5. The fiscal body of a unit may adopt an ordinance to establish a transit development district. The ordinance creating a transit development district must specify the territorial boundaries of the district. The territorial boundaries of the district may not extend beyond the boundaries of the regional transit authority within which the unit is located.

Sec. 6. The fiscal body of a unit may adopt an ordinance to dissolve a transit development district that was created by the unit.

However, the fiscal body of a unit may not adopt an ordinance to dissolve the transit development district under this subsection earlier than the date three (3) years after the date on which the ordinance creating the transit development district was adopted.

Sec. 7. Before the first business day in October of each year, the department of state revenue shall calculate the gross retail incremental amount for the preceding state fiscal year for each transit development district designated under this chapter.

Sec. 8. (a) The treasurer of state shall establish an incremental tax financing fund. The treasurer of state shall establish an account within the incremental tax financing fund for each transit development district designated under this chapter. The treasurer of state shall administer the fund. Money in the fund does not revert to the state general fund at the end of a state fiscal year.

(b) Subject to subsection (c), during each state fiscal year, the department of state revenue shall deposit in the account established for a transit development district under subsection (a) the total amount of state gross retail and use taxes that are remitted under IC 6-2.5 by businesses operating in the transit development district, until the amount of state gross retail and use taxes deposited equals the gross retail incremental amount for the transit development district.

(c) Not more than five million dollars ($5,000,000) may be deposited in a particular account established under subsection (a) for a transit development district over the life of the transit development district.

(d) On or before the twentieth day of each month, the treasurer of state shall distribute all amounts held in the account established under subsection (a) for a transit development district to the unit that established the transit development district for deposit in the transit development district tax increment fund established under section 9(a) of this chapter.

Sec. 9. (a) Each unit that establishes a transit development district under this chapter shall establish a transit development district tax increment fund to receive money distributed to the unit under section 8 of this chapter.

(b) The fiscal body of a unit that creates a transit development district shall appropriate money deposited in the unit's transit development district tax increment fund to the regional transit authority whose boundaries contain the transit development district.

Sec. 10. (a) Except as provided in subsection (b), a regional

transit authority shall use the funds appropriated to the regional transit authority under section 9(b) of this chapter for the purposes authorized by the statute under which the regional transit authority was established as referred to in section 4(2) of this chapter.

(b) Except as provided in subsection (c), each regional transit authority receiving an appropriation under section 9(b) of this chapter shall deposit twenty-five percent (25%) of each appropriation into the regional transportation authority formation fund established under IC 8-23-28-1.

(c) A regional transit authority is not required to make the deposit required under subsection (b) if the total of all deposits made by regional transit authorities under subsection (b) has reached one million dollars ($1,000,000).

SECTION 53. IC 6-3-4-1.5 IS REPEALED [EFFECTIVE JANUARY 1, 2008 (RETROACTIVE)].

SECTION 54. IC 8-9.5-7 IS REPEALED [EFFECTIVE JULY 1, 2008].

SECTION 55. P.L.196-2007, SECTION 7, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2001 (RETROACTIVE)]: SECTION 7. (a) The definitions in IC 6-1.1-1 apply to this SECTION.

(b) This SECTION applies only to an entity that meets all of the following conditions:

(1) The entity is:

(A) a nonprofit:

(i) corporation; **or**

(ii) limited liability company;

that is organized for educational, literary, scientific, religious, or charitable purposes; or

(B) a local chapter of a nonprofit ~~corporation~~ **entity** referred to in clause (A).

(2) For the assessment date in a calendar year after 2000:

(A) tangible property owned by the entity was, except for the entity's failure to timely file an application under IC 6-1.1-11 for property tax exemption, otherwise eligible for an exemption;

(B) the entity failed to timely file an application under IC 6-1.1-11 for property tax exemption for the tangible property for the assessment date; and

(C) the entity's tangible property was subject to taxation for the assessment date.

(3) The tangible property, or other property owned by the entity in the same county, was exempt from taxation in either:

(A) the calendar year before the year containing the assessment date described in subdivision (2); or

(B) the calendar year two (2) years before the year containing the assessment date described in subdivision (2).

(c) Notwithstanding any provision of IC 6-1.1-11 or any other law specifying the date by which an application for property tax exemption must be filed to claim an exemption for a particular assessment date, an entity described in subsection (b) may before January 1, 2008, file with the county assessor an application for property tax exemption for an assessment date described in subsection (b)(2).

(d) Notwithstanding any provision of IC 6-1.1-11 or any other law, an application for property tax exemption filed under subsection (c) is considered to be timely filed, and the county property tax assessment board of appeals shall grant an exemption claimed for the assessment date on the application upon the county property tax assessment board of appeals's determination that:

(1) the entity's application for property tax exemption satisfies all other applicable requirements; and

(2) the entity's tangible property was, except for the failure to timely file an application for property tax exemption, otherwise eligible for the claimed exemption.

(e) If an entity has previously paid the tax liability for tangible property for an assessment date and the property is granted an exemption under this SECTION for that assessment date, the county auditor shall issue a refund of the property tax paid by the entity. An entity is not required to apply for any refund due under this SECTION. The county auditor shall, without an appropriation being required, issue a warrant to the entity payable from the county general fund for the amount of the refund, if any, due the entity. No interest is payable on the refund.

(f) This SECTION expires January 1, 2009.

SECTION 56. [EFFECTIVE JANUARY 1, 2008 (RETROACTIVE)] **IC 6-1.1-12.1-4.5 and IC 6-1.1-40-10, both as amended by this act, applies to property taxes imposed for an assessment date after January 15, 2007.**

SECTION 57. [EFFECTIVE UPON PASSAGE] **(a) As used in this SECTION, "eligible district" means a fire protection district established under IC 36-8-11:**

(1) that expanded its territory after 1998; and

(2) for which the quotient of:

(A) the taxable assessed value of all tangible property in the district for the assessment date (as defined in IC 6-1.1-1-2) in 2004; divided by

(B) subject to subsection (b), the taxable assessed value of all tangible property in the district for the assessment date (as defined in IC 6-1.1-1-2) in 1999;

is at least one and one-half (1.5).

(b) To account for the change in the definition of "assessed value" reflected in IC 6-1.1-1-3(a)(1) and IC 6-1.1-1-3(a)(2), the taxable assessed value to be used for purposes of subsection (a)(2)(B) is the product of:

(1) the actual taxable assessed value; multiplied by

(2) three (3).

(c) An eligible district may, before September 20, 2008, appeal to the department of local government finance for relief from the levy limitations imposed by IC 6-1.1-18.5 for property taxes first due and payable in 2009. In the appeal, the district must:

(1) state that the district will be unable to carry out the governmental functions committed to the district by law unless the appeal is approved; and

(2) present evidence that the district is an eligible district.

(d) The maximum increase in an eligible district's levy allowed under this SECTION is two hundred twelve thousand five hundred dollars ($212,500).

(e) The department of local government finance shall process the appeal in the same manner that the department processes appeals under IC 6-1.1-18.5-12.

(f) For purposes of computing an eligible district's ad valorem property tax levy for taxes first due and payable in 2010, the district's maximum permissible ad valorem property tax levy for property taxes first due and payable in 2009 under STEP ONE of IC 6-1.1-18.5-3(a) or STEP ONE of IC 6-1.1-18.5-3(b) includes the amount of any increase in the district's levy approved under this SECTION for property taxes first due and payable in 2009.

(g) This SECTION expires January 1, 2011.".

Page 28, between lines 3 and 4, begin a new paragraph and insert:

"SECTION 59. [EFFECTIVE UPON PASSAGE] **The amendment of IC 6-2.3-3-5 by this act shall be interpreted to clarify and not to change the general assembly's intent with respect to IC 6-2.5-3-5.**".

Page 28, delete lines 7 through 9.

Page 28, delete lines 20 through 22, begin a new paragraph and insert:

"SECTION 64. [EFFECTIVE JANUARY 1, 2007 (RETROACTIVE)] **(a) The definitions in IC 6-1.1-1 apply in subsection (b).**

(b) A civil taxing unit may appeal for an excessive ad valorem property tax levy for property taxes first due and payable in 2008 under IC 6-1.1-18.5-12 and IC 6-1.1-18.5-16 on the grounds stated in IC 6-1.1-18.5-16(a) except that:

(1) the deadline of December 31, 2007, under IC 6-1.1-18.5-12(a) does not apply to the appeal; and

(2) the deadline for the appeal is May 1, 2008.

(c) The definitions in IC 20-18-2 apply in subsection (d).

(d) A school corporation may appeal for an excessive ad valorem property tax levy for property taxes first due and payable in 2008 under IC 6-1.1-19, IC 20-45-4-4, and IC 20-45-6-5 on the grounds stated in IC 20-45-6-5(a)(2)(A) except that:

(1) the deadline of December 31, 2007, under IC 20-45-4-4 does not apply to the appeal; and

(2) the deadline for the appeal is May 1, 2008.

(e) If an appeal under this SECTION is approved:

(1) the deadline of February 15, 2008, under IC 6-1.1-17-16(h) does not apply to the actions of the department of local government finance under IC 6-1.1-17-16 for property taxes first due and payable in 2008 with respect to the following:

(A) The county in which the following are located:

(i) One (1) or more civil taxing units for which the appeal is approved.

(ii) One (1) or more school corporations for which the appeal is approved.

(B) The civil taxing units and school corporations located wholly or partially in the county referred to in clause (A);

(2) the deadlines under IC 6-1.1-22 do not apply in the county referred to in subdivision (1)(A) to the mailing or transmitting of statements and information and the payment of property taxes; and

(3) subject to subsection (f), the county treasurer shall set a schedule for the mailing or transmitting of statements and information and the payment of property taxes.

(f) Subsection (e) does not affect the authority of the county treasurer to use provisional statements under IC 6-1.1-22.5 if that chapter applies.

(g) This SECTION expires January 1, 2009.

SECTION 65. [EFFECTIVE UPON PASSAGE] **(a) This**

SECTION applies only to salaries paid for pay periods beginning after June 30, 2008.

(b) As used in this SECTION, "district forester" means any position on the state staffing table with a job code of "001LE2" and a description of "Forester Specialist 2".

(c) As used in this SECTION, "natural sciences manager" means any position on the state staffing table with a job code of "00ENS7" and a description of "Natural Sciences Manager E7".

(d) As used in this SECTION, "state staffing table" means a position classification plans and salary and wage schedule adopted by the state personnel department (established by IC 4-15-1.8-2) under IC 4-15-1.8-7.

(e) For pay periods beginning after June 30, 2008, the state personnel department shall equalize the salary and wage schedules for the positions of district forester and natural sciences manager so that both positions share the higher of the two (2) wage and salary schedules for these positions existing on April 1, 2008. For pay periods beginning after June 30, 2008, the department of natural resources (created by IC 14-9-1-1) shall increase the wages and salaries of all district foresters and natural sciences managers to bring the wages and salaries into conformity with the salary and wage schedules required by this SECTION.

SECTION 66. [EFFECTIVE UPON PASSAGE] **The trustees of the following institution may issue and sell bonds under IC 21-34, subject to the approvals required by IC 21-33-3, for the following project if the sum of principal costs of any bond issued under this SECTION, excluding amounts necessary to provide money for debt service reserves, credit enhancement, or other costs incidental to the issuance of the bonds, does not exceed the total authority listed below for that institution:**

Indiana University, Purdue University at Fort Wayne

Student Services and Library Complex $16,000,000

Bonds issued under this SECTION are not eligible for fee replacement appropriations. The bonding authority granted by this SECTION is in addition to any bonding authority granted to the trustees of the institution for a student services and library complex by P.L.234-2007, SECTION 179(a).

SECTION 67. P.L.234-2007, SECTION 173, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: SECTION 173. (a) As used in this SECTION, "commission" refers to the commission on disproportionality in youth services.

(b) As used in this SECTION, "youth services" means the following:

(1) Juvenile justice services.

(2) Child welfare services.

(3) Education services.

(4) Mental health services.

(c) The commission on disproportionality in youth services is established to develop and provide an implementation plan to evaluate and address disproportionate representation of youth of color in the use of youth services.

(d) The commission consists of the following members appointed not later than August 15, 2007:

(1) The dean or a faculty member of an Indiana accredited graduate school of public administration, social work, education, mental health, or juvenile justice, who shall serve as chairperson of the commission.

(2) The state superintendent of public instruction, or the superintendent's designee.

(3) The director of the division of mental health and addiction, or the director's designee.

(4) The executive director of the Indiana criminal justice institute, or the executive director's designee.

(5) The director of the department of child services, or the director's designee.

(6) The commissioner of the department of correction, or the commissioner's designee.

(7) A division of child services county director from a densely populated county.

(8) A faculty member of an Indiana accredited college or university that offers undergraduate degrees in public administration, social work, education, mental health, or juvenile justice.

(9) A prosecuting attorney.

(10) A juvenile court judge.

(11) An attorney who specializes in juvenile law.

(12) A representative of the Indiana Minority Health Coalition.

(13) A health care provider who specializes in pediatric or emergency medicine.

(14) A public agency family case manager.

(15) A private agency children's service social worker.

(16) A school counselor or social worker.

(17) A representative of law enforcement.

(18) A guardian ad litem, court appointed special advocate, or other child advocate.

(19) The chairperson of an established advocacy group in Indiana that has previously investigated the issue of disproportionality in use of youth services.

(20) A young adult who has previous involvement with at least one (1) youth service.

(21) A representative of foster parents or adoptive parents.

(22) A representative of a state teacher's association or a public school teacher.

(23) A child psychiatrist or child psychologist.

(24) A representative of a family support group.

(25) A representative of the National Alliance on Mental Illness.

(26) A representative of the commission on the social status of black males.

(27) A representative of the Indiana Juvenile Detention Association.

(28) A representative of the commission on Hispanic/Latino affairs.

(29) A representative of the civil rights commission.

(30) Two (2) members of the house of representatives appointed by the speaker of the house of representatives. The members appointed under this subdivision may not be members of the same political party and serve as nonvoting members.

(31) Two (2) members of the senate appointed by the president pro tempore of the senate. The members appointed under this subdivision may not be members of the same political party and serve as nonvoting members.

The governor shall appoint the members under subdivisions (1), (7), (10), (13), (16), (19), (22), (25), (28), and (29). The speaker of the house of representatives shall appoint the members under subdivisions (8), (11), (14), (17), (20), (23), (26), and (30). The president pro tempore of the senate shall appoint the members under subdivisions (9), (12), (15), (18), (21), (24), (27), and (31). Vacancies shall be filled by the appointing authority for the remainder of the unexpired term.

(e) Each member of the commission shall have an interest in or influence on evaluating and addressing disproportionate representation of youth of color in the use of youth services.

(f) A majority of the voting members of the commission constitutes a quorum.

(g) The Indiana accredited graduate school represented by the chairperson of the commission under subsection (d)(1) shall staff the commission.

(h) The commission shall meet at the call of the chairperson and

shall meet as often as necessary to carry out the purposes of this SECTION.

(i) Each member of the commission who is not a state employee is entitled to the minimum salary per diem provided by IC 4-10-11-2.1(b). The member is also entitled to reimbursement for traveling expenses as provided under IC 4-13-1-4 and other expenses actually incurred in connection with the member's duties as provided in the state policies and procedures established by the Indiana department of administration and approved by the budget agency.

(j) Each member of the commission who is a state employee but who is not a member of the general assembly is entitled to reimbursement for traveling expenses as provided under IC 4-13-1-4 and other expenses actually incurred in connection with the member's duties as provided in the state policies and procedures established by the Indiana department of administration and approved by the budget agency.

(k) Each member of the commission who is a member of the general assembly is entitled to receive the same per diem, mileage, and travel allowances paid to legislative members of interim study committees established by the legislative council. Per diem, mileage, and travel allowances paid under this subsection shall be paid from appropriations made to the legislative council or the legislative services agency.

(l) The commission's responsibilities include the following:

(1) Reviewing Indiana's public and private child welfare, juvenile justice, mental health, and education service delivery systems to evaluate disproportionality rates in the use of youth services by youth of color.

(2) Reviewing federal, state, and local funds appropriated to address disproportionality in the use of youth services by youth of color.

(3) Reviewing current best practice standards addressing disproportionality in the use of youth services by youth of color.

(4) Examining the qualifications and training of youth service providers and making recommendations for a training curriculum and other necessary changes.

(5) Recommending methods to improve use of available public and private funds to address disproportionality in the use of youth services by youth of color.

(6) Providing information concerning identified unmet youth service needs and providing recommendations concerning the development of resources to meet the identified needs.

(7) Suggesting policy, program, and legislative changes related to

youth services to accomplish the following:

(A) Enhancement of the quality of youth services.

(B) Identification of potential resources to promote change to enhance youth services.

(C) Reduction of the disproportionality in the use of youth services by youth of color.

(8) Preparing a report consisting of the commission's findings and recommendations, and the presentation of an implementation plan to address disproportionate representation of youth of color in use of youth services.

(m) In carrying out the commission's responsibilities, the commission shall consider pertinent studies concerning disproportionality in use of youth services by youth of color.

(n) The affirmative votes of a majority of the commission's voting members are required for the commission to take action on any measure, including recommendations included in the report required under subsection (l)(8).

(o) The commission shall submit the report required under subsection (l)(8) to the governor and to the legislative council not later than ~~August 15, 2008.~~ **October 15, 2008.** The report to the legislative council must be in an electronic format under IC 5-14-6. The commission shall make the report available to the public upon request not later than December 1, 2008.

(p) There is appropriated from the state general fund one hundred twenty-five thousand ($125,000) dollars for the period beginning July 1, 2007, and ending December 31, 2008, to carry out the purposes of this SECTION, including the hiring by the chairperson of an individual to serve only to assist the chairperson and members with research, statistical analysis, meeting support, and drafting of the report required under subsection (l)(8).

(q) This SECTION expires January 1, 2009.

SECTION 68. [EFFECTIVE JANUARY 1, 2009] **(a) The definitions in IC 6-3.1-32, as added by this act, apply throughout this SECTION.**

(b) IC 6-3.1-32, as added by this act, applies only to:

(1) federally qualified equity investments initially made; and

(2) taxable years beginning;

after December 31, 2008.".

Renumber all SECTIONS consecutively.

and when so amended that said bill do pass.

(Reference is to SB 19 as reprinted January 29, 2008.)

CRAWFORD, Chair

Committee Vote: yeas 18, nays 5.